

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1992

HEARING BEFORE THE COMMITTEE ON THE BUDGET UNITED STATES SENATE ONE HUNDRED SECOND CONGRESS FIRST SESSION

FEBRUARY 28, 1991—CHILDREN AND THE 1992 BUDGET



Part 5 of 5

Printed for the use of the Committee on the Budget

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1991

43-499

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

5251-7

COMMITTEE ON THE BUDGET

JIM SASSER, Tennessee, *Chairman*

ERNEST F. HOLLINGS, South Carolina

J. BENNETT JOHNSTON, Louisiana

DONALD W. RIEGLE, Jr., Michigan

J. JAMES EXON, Nebraska

FRANK R. LAUTENBERG, New Jersey

PAUL SIMON, Illinois

TERRY SANFORD, North Carolina

TIMOTHY E. WIRTH, Colorado

WYCHE FOWLER, Jr., Georgia

KENT CONRAD, North Dakota

CHRISTOPHER J. DODD, Connecticut

PETE V. DOMENICI, New Mexico

STEVE SYMMS, Idaho

CHARLES E. GRASSLEY, Iowa

ROBERT W. KASTEN, Jr., Wisconsin

DON NICKLES, Oklahoma

PHIL GRAMM, Texas

CHRISTOPHER S. BOND, Missouri

TRENT LOTT, Mississippi

HANK BROWN, Colorado

LARRY STEIN, *Staff Director*

JOHN J. CALLAHAN, *Deputy Staff Director*

KATHLEEN M. DEIGNAN, *Assistant Director*

INGRID TAYLOR, *Analyst*

G. WILLIAM HOAGLAND, *Minority Staff Director*

MICHELLE MRDEZA, *Senior Analyst*

CONTENTS

HEARING

February 28, 1991—Children and the 1992 Budget	Page 1
--	-----------

STATEMENTS BY COMMITTEE MEMBERS

Chairman Sasser	1
Senator Domenici	82
Senator Grassley	98
Senator Leahy	99
Senator Robb	4
Senator Sanford	4
Senator Simon	3
Senator Wirth	3

WITNESSES

Besharov, Douglas J., resident scholar, American Enterprise Institute for Public Policy Research	25
Edelman, Marian Wright, president, Children's Defense Fund; accompanied by James Weill, general counsel	5
Greenstein, Robert, director, Center on Budget and Policy Priorities	54

CHILDREN AND THE 1992 BUDGET

THURSDAY, FEBRUARY 28, 1991

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to notice, at 10:35 a.m., in room SD-608, Dirksen Senate Office Building, Hon. Jim Sasser, (chairman of the committee) presiding.

Present: Senators Sasser, Simon, Sanford, Wirth, Dodd, Robb, Domenici, and Grassley.

Staff present: Larry Stein, staff director; John J. Callahan, deputy staff director; and Kathleen M. Deignan, assistant director for human resources.

For the minority: G. William Hoagland, staff director; and Michelle Mrdeza, senior analyst for human resources.

OPENING STATEMENT OF CHAIRMAN SASSER

Chairman SASSER. The committee will come to order this morning. I am advised by the very able minority staff director, Mr. Hoagland, that Senator Domenici is unavoidably detained in the Transportation Appropriations Subcommittee but will be along shortly, and that Mr. Hoagland indicates that we should go forward with the hearing, which I am pleased to do because we are under a little time pressure. This morning I know Ms. Edelman has another commitment that she must keep, and we want to try to get her out of here in plenty of time to do that.

Let me begin by saying that we are very pleased to have our distinguished panel with us this morning to assess the condition of children in America.

There is perhaps an element of unfortunate symbolism here in the fact that our discussion this morning may be substantially lost in the general euphoria over our remarkable, and I think brilliant, military victory in the Persian Gulf. This is a morning of celebration in that regard because we did achieve a very significant and brilliant victory for American arms in the Persian Gulf.

But perhaps our marvelous military victory should give us a healthy injection of hope, an increased measure of confidence, that we can, in fact, subdue our antagonists, whether those antagonists be the forces of military aggression or the forces of poverty and need right here at home.

This morning the Budget Committee meets to consider one of the most compelling domestic issues of our day: the condition of our children in America.

Right now the picture is a grim one.

Children comprise the poorest segment of our Nation's population. One-fifth of our children live in poverty. One out of every 12 children faces a serious hunger problem. And given these conditions, it is little wonder that one-sixth of our children do not complete school.

Despite our knowledge of this crisis facing us here in this country, life for too many children is getting worse, not better, I am sorry to say. Since 1979, the percentage of our children living in poverty has jumped some 23 percent. If that trend holds, more than a quarter of American children will have slipped below the poverty level by the year 2000.

Eighty thousand more children entered the foster care system between 1986 and 1989. And between 1988 and 1989, the incidence of measles in this country grew by 500 percent, indicating that in the field of child immunization we are actually going backwards.

Too often, our answer at the Federal level is to spend resources in a reactive way. We try to remedy problems facing our children and families after these problems have occurred rather than anticipating them.

Fewer Federal programs are designed to alleviate hardships before they take their toll on our Nation's children.

It isn't difficult to understand that a child from a very poor family might drop out of school to work to help support that family, and it isn't hard to figure out that a child can't perform well in school if he or she hasn't had a decent meal in several days.

We must address the source of the problem facing the children of this country.

Later today I plan to introduce a comprehensive anti-hunger initiative to confront this severe, and I think disgraceful, condition. If enacted, this legislation would provide the largest single expansion of anti-hunger efforts in this country in more than a decade.

But there are many other positive steps that the Congress and the administration can take to improve the lives of our children.

I was frankly very pleased to see that the President's budget this year invests more heavily in some children's programs than in the recent past. The budget proposes increases in the Women, Infants, and Children feeding program and in the immunization program and more funding for infant mortality. Certainly, more funds for all of these endeavors are needed.

But I am afraid that the President's budget may not go far enough, and in places it contradicts its own best intentions. The proposal for a new infant mortality program targeted at certain cities comes at the expense of other infant mortality programs which operate throughout the country. There is only a minimal increase for Head Start, and there are significant cuts or freezes in other essential child welfare and nutrition programs.

Some say that the budget constraints are so tight that we cannot afford major initiatives or program expansions. I contend, though, that we can ill afford not to invest in our future, and that, of course, is our children.

It will be very difficult to find a way to pay for these new initiatives under the new "pay as you go" rules. But I am committed to working with my colleagues to overcome the difficulties and to find a way.

Improving the opportunities for our children is not an expense. It is an investment in a better future for our country. If we do not make that investment, then we shall surely pay a very high penalty at a later date.

Perhaps the recent United Nations declaration says it best, and I quote: "Mankind owes to the child the best it has to give."

As a Nation, I think we have got a long, long way to go to fulfill that promise, but perhaps we could start here today.

In view of our sparse attendance today—there are a number of other committee meetings under way—I would like to call on my colleagues here for any opening statement or observation they might like to make before we get under way. Senator Simon, I think you were first here and first in seniority.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Thank you very much, Mr. Chairman. I regret that at 11:30 I am going to have to leave for another meeting.

We have just come to the end, as you pointed out, of this Middle Eastern situation, and we are all very, very pleased and gratified that it has come to a quick resolution. But if we can get 500,000 troops over there, if we can muster the vigor of this Nation on this military challenge, somehow this Nation ought to be able to do what it needs to do for education, for health care, for the very basic problems that this Nation faces that we are now ignoring. My hope is that as we put this budget together, we can pay a little more attention to that area.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Simon. Senator Wirth, do you have a comment this morning?

OPENING STATEMENT OF SENATOR WIRTH

Senator WIRTH. Thank you very much. Just a very brief comment, Mr. Chairman. I hope you are including me as one of the cosponsors of your legislation, which I think makes a great deal of sense. I think looking at the impacts all the variables have on kids is enormously important. And as you know, I have been deeply concerned with environmental issues, and it seems to me that we have to do a much better job in understanding the linkage between what we are doing to the environment in terms of toxics, air pollution and so on, and the impacts of that on kids.

If we look very carefully at most cities and areas of this country, those most impacted by these dangerous environmental problems are people of color, people who are poor, and people who are least able to move out of those areas. And yet in almost every organization related to the environment, it is an upper middle class white phenomenon.

It is imperative that we figure out how to draw a linkage or, to use your words, Ms. Edelman, develop common cause between the two. It is imperative that we do so and I think your organization is certainly a wedge into that.

Clearly there is a wide variety of problems we ought to be concerned about and need to address. But I do hope we might be able to expand as well, Marian, on the common cause we discussed. I

was very encouraged with that, and I look forward to working with you.

Thank you very much, Mr. Chairman.

Chairman SASSER. Thank you, Senator Wirth.

Senator Sanford.

OPENING STATEMENT OF SENATOR SANFORD

Senator SANFORD. Mr. Chairman, I thank you for arranging this hearing and focusing our attention on children and their needs. I certainly think that it is one of the great shames of this Nation that we lead the world, certainly the industrialized world, in neglect of children. And to allow this to continue, I believe, is unthinkable.

I thank you, Mr. Chairman, for your leadership on issues important to our children. I thank all of you on the panel for being here. I am especially pleased to see Marian Wright Edelman, for I have long been one of her fans. I am looking forward to the testimony of all of you.

Thank you very much.

Chairman SASSER. Thank you, Senator Sanford.

Senator Robb?

OPENING STATEMENT OF SENATOR ROBB

Senator ROBB. Thank you, Mr. Chairman. I, too, want to commend you for holding this particular hearing. To the extent there is anything that would be regarded as meaningful work before one comes to the United States Senate, I have been involved in some of the issues that are on the table today.

A very brief digression. We are all supposed to represent constituents. I have a particular constituent about whom I care very deeply, to whom I have been married for 23-plus years, and about 10 years ago, when I was chairman of the Southern Governors' Association, I made the only appointment I ever made to the then Southern Governors' Commission to prevent infant mortality. And from that point forward, she has been relentless in her pursuit of additional funds. Almost every funding program that comes along, she points out very carefully to me how just a pittance from whatever appropriation is being discussed could save a number of babies. And I see one of the charts here that talks about the adequacy of prenatal care and the very strong correlation between those who are born at low birthweight. And there are a number of statistics which I see incorporated here that will be discussed, I am sure, by Marian and others that are entirely appropriate.

I again commend you for doing it. I too am going to have to go to preside over the full Senate in about 10 minutes, so I am going to have to review the testimony. But this is a very important hearing, and I am very pleased that you are doing it and that you have assembled such a panel to give us additional information.

I thank you.

Chairman SASSER. Well, thank you very much, Senator Robb.

Let me introduce this morning our distinguished panel. I am very pleased to introduce Ms. Marian Wright Edelman, the president and founder of the Children's Defense Fund. Ms. Edelman is

one of the best known and most highly respected advocates of children's issues. She is a graduate of Spelman College, and Ms. Edelman earned her law degree from Yale University. She founded in 1968 the Washington Research Project, which became the Children's Defense Fund in 1973. Through the years, her organization has been among the most effective in defending the rights and interest of underprivileged children.

We are pleased to also be joined today by Mr. Douglas J. Besharov. Mr. Besharov is a resident scholar at the American Enterprise Institute for Public Policy. In addition to his position at the AEI, he is a professor of law at Georgetown Law Center. He has taught law at several other law schools. He was the first director of the United States National Center of Child Abuse and Neglect. He has an impressive record of public service in dealing with the children's issues, and we are delighted to have you join us this morning, Mr. Besharov.

Last, but certainly not least, is Mr. Robert Greenstein, the director of the Center on Budget and Policy Priorities. He has extensive experience with children's issues, particularly nutrition. He served as the administrator of the Food and Nutrition Service of the Department of Agriculture, and in that capacity he had primary responsibility for the Food Stamp and School Lunch Programs, as well as the Special Supplemental Food Program for Women, Infants, and Children. He received his undergraduate degree at Harvard and has done graduate work at the University of California at Berkeley. It is a pleasure to have you with us this morning, Mr. Greenstein.

We will begin with you, Ms. Edelman, and then go with Mr. Besharov and let Mr. Greenstein cap it off for us. Ms. Edelman, will you proceed, please?

STATEMENT OF MARIAN WRIGHT EDELMAN, PRESIDENT, CHILDREN'S DEFENSE FUND; ACCOMPANIED BY JAMES WEILL, GENERAL COUNSEL

Ms. EDELMAN. Thank you, Mr. Chairman, and I thank all of you Senators who are present for your strong advocacy on behalf of children.

Chairman SASSER. If I could interrupt just a moment, please feel free this morning to summarize your testimony if you wish to do so.

Ms. EDELMAN. I have submitted the written statement.¹ I will talk about only a very little of it and say a little about something different.

James Weill, Children's Defense Fund's general counsel, is here to stay and answer all of your hard questions when I run.

I thank you for your advocacy. It has got to be even stronger. I thank you for your anti-hunger bill. I think that is an important step forward. We eliminated child hunger in this country in the 1960's and 1970's, and that it has returned is a shame.

I am also pleased that Senator Kennedy has introduced a new bill that we strongly support which would increase funding author-

¹ See p. 9.

ity for health centers by over \$80 million. We cannot let the administration play a shell game by taking a little money from one children's program and putting it in another, as they propose on infant mortality and community health centers. We have a national crisis, and it should be addressed in a comprehensive way, and without stealing from one children's program to give to another.

We can't win for this country and for America's future unless we change the rules of the game and unless we redefine success in America. I think the 1990's struggle is a struggle for America's conscience and future. Many of the battles are not going to be as dramatic as Gettysburg or Vietnam or the Persian Gulf, but they are going to shape our place in the 21st century world no less.

In this last decade of the last century of this millennium, I think every American—and you as leaders have to lead us in this—must struggle to redefine success, asking not how much I can get but how much can I do without, and share; not how much can I just take care of me and mine, but how much can I help strengthen family and community values and help America regain her moral and economic bearings at home and abroad. And unless we change our cultural signals and our sense of what is important and our budget rules, we are not going to be able to do what has to be done to preserve our future.

I think it is a spiritually poor nation that permits infants and children to be the poorest Americans. Twelve million kids in our rich land are going without the basic necessities of life, more than the total population of Illinois, of Pennsylvania, or of Florida. If every citizen in Florida became poor, the President would declare a national disaster. Yet he and the Congress have yet to recognize child and family poverty and insecurity as the national disaster that they are and attack them with a pittance of the zeal, as Senator Simon has already indicated, and shared commitment we now apply to digging out after a devastating hurricane or earthquake.

Why is that? I think it is a morally lost nation that is unable and unwilling to disarm its children and those who kill its children in their school buses, strollers, yards, schools, and McDonald's, allowing a violence that stalks America's playgrounds and streets without a declaration of war against it, or even a declaration of outraged concern by our President and by enough Members of this Congress, by our Governors, our State and local officials and citizens. Every day, 135,000 children bring a gun to school.

Where are the moral guerrillas and protesters crying out that life at home is as precious as life abroad; that mothers and children and fathers have as much of a right to be free of the tyranny of violence and poverty and fear in Kansas City as in Kuwait? More children have been killed here in the capital of the free world than have been killed by Scuds in Israel and Saudi Arabia. Where is our response to this war?

In response to a distant tyrant—and I am grateful, like every American, that we have a ceasefire, and I hope it remains—but we have sent hundreds of thousands of mothers and fathers and sisters and brothers to the Persian Gulf to preserve, according to Secretary Baker, our lifestyle and standard of living and the rights of the Kuwaiti people. No deficit or recession was allowed to stand in the way.

How, then, can we reconcile failing to engage equally the enemies of poverty and violence and family disintegration within our Nation, enemies that are going to bring us to our knees quicker than any foreign enemy?

When are you going to mobilize, when is the American public going to mobilize and send troops to fight for the lifestyle of the 100,000 American children who are homeless each night, to fight for the standard of living of thousands of young families who have lost 24 percent of their earning capacity since 1973, and who are struggling to buy homes, pay off college loans, find and afford child care? Where are the leaders coming to the rescue of the poor working families by the millions, fighting to hold together their fragile households on declining wages or to protect the pocketbooks of the one in eight families with children headed by a working single mother, 29 percent of whom are poor?

And I think we have to confront what we really value as Americans, when the President's budget can find only \$200 million to increase Head Start for a year and no addition for child care for working families (and this Congress must not let that prevail), but can find \$500 million a day for Desert Storm; \$90 million a day to bail out profligate savings and loans; and hundreds of millions more to give capital gains tax breaks to the rich, which I hope you will not do.

Why are we, as Senator Simon asked, able to put hundreds of thousands of troops and support personnel in Saudi Arabia in a few months to fight Saddam Hussein, but unable to mobilize hundreds of teachers and doctors and nurses and social workers to serve our desperately under-served inner cities and rural areas?

My bottom-line testimony today is that we are at war on two fronts but only one war, the one abroad, has been declared, and I hope it ends. It is time for all of us to declare and make all of our citizens confront the equally deadly war raging in our cities, towns, rural and suburban areas that poses more of a threat to America's security and economic prosperity any foreign enemy.

You ended up with caps last year. The Congress and the President placed spending caps on domestic programs, but there are no caps on the growing needs of our children and our families. Children are shortchanged so long as the budget rules are allowed to limit the amount of money that can be invested in families, while at the same time precluding cuts in the defense budget (the main defense budget not associated with Operation Desert Storm) And I am worried also about how much is going to be shoved into the supplemental defense appropriation and padded. Obviously the need for every one of those Patriot missiles or every replacement of equipment has to be examined carefully, because that is a heck of a lot of immunizations and Head Start programs for children. So I just hope that you will keep in mind what the real war is and place our priorities there. And we have got to make clear and fight together to make sure that the Nation's hands will not be tied from making fair and sensible spending choices.

These ill-advised caps mean that this country must make choices between such things as investing in healthy children or investing in educated children. These are not sensible spending choices. By the time the budget reform rules allow the American people to

make fair spending decisions or sensible investment decisions, it will be too late for hundreds of thousands of children and their families.

Today's 4-year-old cannot wait a year or two for spending caps to be lifted. She will have already entered school without a Head Start experience or be sick with the measles without a vaccination.

By the time the categorical spending caps are lifted in fiscal year 1994, 1,104,000 children will have dropped out of school. That is a major problem for this Nation's future. Two million, four hundred thousand children will have run away from home by the time you lift those spending caps. One million, three hundred fifty thousand children will have been abused and neglected. Can't we find the resources to defend them when we can afford the strongest military in the world? And 945,246 teenagers will have had babies. We produce the equivalent of the city of Seattle each year with children having children. And 153,972 children will have been arrested for a drug offense, and 20,000 children in the richest land on earth will have died from poverty.

I do not believe that this Nation that has just achieved what it has achieved in the Persian Gulf cannot muster the will and the resources, with your leadership, to defend our children against infant mortality. I am ashamed that we now rank 56th in the world in immunizing nonwhite infants against polio, behind Botswana and Albania. That is not who I think America is and wants to be. And this Congress and this committee has got to provide that leadership.

We have laid out in our written testimony our clear priorities for this year. You cannot cut maternal and child health. It is bad budget policy not to be immunizing every child, and I hope you will find ways of increasing investment in those preventive and early intervention measures that are going to save us money in the long run.

You cannot let the President get away with a paltry \$100 million increase in Head Start. You made a promise last year to children that by 1994 we are going to give every eligible child a Head Start. That is good budget policy. It is good investment policy. At the President's rate of spending, it will take 180 years to fulfill that promise. The country cannot afford that.

We have laid out our clear priorities. I hope that you will fulfill your promises on child care for working parents. I hope you will get your anti-hunger legislation. I hope that Senator Kennedy will get his health clinic investment. We are prepared to work with you to try to change the rules of the game, because the real national security and defense issue is in our kids and in our families. And so that is the message I want to leave with you. We have got to do for our children what we have done to stop Saddam Hussein.

Thank you.

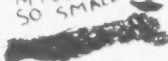
Chairman SASSER. Thank you very much, Ms. Edelman, for a very eloquent and persuasive statement this morning.

[The prepared statement of Ms. Edelman follows:]

Children's Defense Fund

122 C Street, N.W.
Washington, D.C. 20001

DEAR LORD
BE GOOD TO ME
THE SEAS SO
WIDE AND SO
MY BROTHER
SO SMALL



77

Telephone (202) 628-8787

Testimony before the
Committee on Budget

United States Senate

by

Marian Wright Edelman
President

February 28, 1991
10:30 a.m.

On behalf of the Children's Defense Fund, I want to thank you, Chairman Sasser, and the Senate Budget Committee for holding this hearing today. This is a very important opportunity to focus the nation's attention on the plight of America's children and families, and we are grateful for the chance to testify.

America is at war on two fronts, but only the war abroad has been declared. I have come to ask you to confront the equally deadly war raging in our cities, towns, and rural and suburban areas that poses as much of a threat to America's security and economic prosperity as any foreign enemy.

The number of children--soon to be young adults--in our society is dwindling. In the year 2000, there will be 5.4 million fewer Americans between the ages of 18 and 24 than there were in 1980. As the percentage of our population that consists of children and young workers continues to shrink, we will need to prepare each of them--minority and white, poor and rich--to be fully productive if our nation is to thrive. Yet, today and every day in America:

2,795	teenagers get pregnant
689	babies are born to women who have had inadequate prenatal care
105	babies die before their first birthday
27	children die from poverty
3	children die from child abuse
10	children die from guns
135,000	children bring a gun to school
211	children are arrested for drug offenses
1,512	teenagers drop out of school
1,849	children are abused or neglected
3,288	children run away from home
100,000	children are homeless

Our ability to compete, much less lead, in the 21st century is being subverted by the intolerable conditions we are inflicting on those whom we will need to be our workers, parents,

innovators and leaders: our children--many of whom are not entering school prepared to learn even basic skills.

- o One in five American children--12.6 million in all--is living in poverty. Children are by far the poorest Americans and have grown poorer during the 1980s as our nation has grown richer. Poverty among young children has jumped even more since the 1970s than for children overall. For our youngest children, under age six, the poverty rate is 22.5 percent.
- o One in five children has no health insurance. Among industrialized nations, only the U.S. and South Africa fail to provide all children and families a basic floor of health protection.
- o Infant mortality is the most sensitive indicator of children's health, measuring the nation's capacity to ensure a healthy birth and adequate health protection during the first year of life. During the 1970s, infant mortality rates fell by 4.7 percent per year, three times the rate in the late 1980s. In 1988, infant mortality didn't improve at all for only the second time since 1965. A black baby born today in the shadows of the U.S. Capitol is more likely to die in the first year of life than a baby born in Hungary, Poland or Cuba.
- o Young families, on whom we count to raise healthy children for America's future, are in extraordinary trouble. Since the early 1970s, they have suffered a frightening cycle of plummeting earnings, declining numbers of marriages, a near

doubling of rates of births to unmarried women, falling incomes and skyrocketing poverty rates. In 1989, families with children headed by parents younger than age 25 had a poverty rate of 44.7 percent.

- o Head Start serves only about 30 percent of all eligible children, only slightly more than the same proportion of poor children reached by the program at the start of the 1980s, despite broad recognition during the past decade of the importance of early childhood development and the effectiveness of Head Start.
- o The proportion of infants and toddlers immunized against preventable diseases has declined considerably over the decade. In many American cities, as many as one in two low income infants is not adequately immunized even though every dollar spent saves between ten and fourteen dollars.
- o The foster care system is bursting at the seams from old and new causes: drugs, abuse and neglect, families torn apart by the housing crisis. According to recent data collected by the American Public Welfare Association (APWA), an estimated 360,000 children under the responsibility of state welfare agencies are in foster care--a 29 percent increase between 1986 and 1989. Particularly troubling is the dramatic increase in very young children entering foster care. In Detroit, about one out of four children placed in foster care is an infant.
- o Every night, 100,000 children go to sleep homeless. Many poor families spend most of their incomes for rent, but only one in three get any federal housing assistance.

The U.S. has the world's largest gross national product but does not rank even in the top 10 internationally on many key measures of children's health and well-being. We are 20th in infant mortality rates and 56th in the proportion of nonwhite one-year-olds fully immunized against polio behind the overall rates of such countries as Botswana, Tunisia, and Sri Lanka. We are dead last among six industrialized nations studied for teen pregnancy rates and among eight industrialized nations in child poverty. American children know less geography than children in Iran, less mathematics than children in Japan, and less science than children in Spain.

I hope these facts scare you as much as they scare me. It frightens me to think what will become of this country--its children, its future, its human and natural resources or its ideals--when clearly there is such a collective failure of vision and lack of courage to respond to these trends even when we know in many instances what we need to do.

These statistics also frighten many of the nation's top business leaders. Even as I speak this morning, about 250 of these business leaders, under the auspices of the Committee for Economic Development, are releasing a report entitled, "The Unfinished Agenda: A New Vision for Child Development." The report says that America's national education goals are destined to fail unless much more is done to meet the early health, social and developmental needs of children, especially disadvantaged children.

The CED report makes clear that children must have their basic needs for health care, child care, shelter and nutrition met if they are to be prepared to achieve in school and beyond.

A child with an undiagnosed vision problem or without the means to get a pair of glasses once a problem has been identified, will hardly learn to his full potential. A child whose intellectual development is stunted by lead poisoning cannot excel in the classroom. Neither can one who falls asleep in class because she was awake half the night in the noisy homeless shelter, welfare hotel or street where her family lives. Nor can an abused child. Nor can a hungry child. Children who get a good breakfast and lunch either at home or in school are obviously better fed but they also do better on achievement tests. Children who benefit from high quality child care and preschool enter school with the cognitive, language, and social skills all children need to begin learning.

In their report, the CED emphatically calls for adequate prenatal care, preventive health care, nutritional support, quality child care and preschools and estimates that the additional cost of providing these services would be over \$10 billion.

"An investment we can ill afford to postpone," the report says.

This isn't just good business sense. It is common sense. Any thoughtful parent, teacher, doctor or lawmaker understands these connections. What doesn't make any sense at all is why we, as a nation, can't do what we all know makes sense.

The year 1990 seemed to be a turning point in this regard.

The nation as a whole, and Congress in particular, seemed to recognize that unless we invested right now in the country's future parents, teachers, scientists, soldiers and taxpayers that the United States couldn't be economically competitive or physically safe in the future. And the legislation Congress enacted as a result seemed to indicate that it wasn't going to be business as usual in Washington where children's needs were concerned.

The experiences of young children during the earliest years of development can either build or destroy the foundation for their future learning and achievement. Now that more than 51 percent of all children younger than six have mothers who work outside the home, the need for quality child care is greater than ever. Recognizing this fact, Congress and the President made a major commitment to improve families' access to quality child care with the passage of the Child Care and Development Block Grant.

In recognition of the extraordinary benefits of Head Start to low-income children and their families, Congress passed and the President signed the most far-reaching Head Start bill since the program's inception in 1965. The new law authorizes the funding necessary to serve all eligible children by fiscal year 1994 and includes major steps to strengthen the quality of care children receive. It was as if the Congress and the President said last year that it was unacceptable for this cost-effective and proven-to-work program to serve only a little more than a quarter of all eligible preschoolers. With the passage of the

1990 Head Start bill, Congress and the President seemed to promise that this neglect would end.

Declining immunization rates in the United States have resulted in outbreaks of wholly preventable diseases like measles, especially among young children. In 1990, more than 25,000 cases of measles were reported in the United States. What is so infuriating is that two-thirds of these cases could have been prevented if preschoolers had received vaccines on time. Children suffered 16 times as many measles cases last year as in 1983 and scores have died. Congress and the President found this needless illness and death among children to be a national disgrace and acted to revitalize and renew the Childhood Immunization program.

A new national health floor for poor children was put in place last year when Medicaid was expanded to phase in coverage of all children ages 6 to 19 in families with incomes below the federal poverty line, albeit not fully until the year 2002.

The first major housing legislation in almost a decade was enacted taking some important first steps towards easing the low-income housing crisis. It included assistance for families separated by housing problems and homelessness. In addition, the McKinney Act was reauthorized significantly strengthening a program to help homeless children stay in school.

The Family Resource and Support Grant program was created to help states build statewide networks of local family preservation services to help families support families before crises arise.

All in all, it was an impressive portfolio of legislation to help parents take better care of their children and help families

take control of their lives. It was an extraordinary outpouring of concern and action on behalf of American children.

Unfortunately, President Bush and his FY 1992 budget proposal do not build on the gains and promises of 1990. Through his budget proposal, President Bush could have provided the strong leadership this country needs to support all of America's children and young people by wisely investing public dollars in programs known to make a difference. Instead, he has chosen to ignore last year's message of hope and continue the budgetary child neglect of the 1980s.

Congress must not do the same.

o The President's budget gives Head Start a boost that is marginally above inflation, but the President makes no serious effort to move towards full funding for Head Start, as he promised to do in the reauthorization bill he signed last year. The President's proposed \$100 million is barely enough to maintain current services. In fact, at that rate of increase, it would take about 180 years to make Head Start available to all eligible preschoolers.

Congress should instead provide a \$2.3 billion increase for Head Start, as promised in the reauthorization bill of last year, to keep Head Start on the path to full funding by 1994. This increase would allow about 420,000 more children to enroll.

o Despite the agreement reached by the Administration and Congress last year on child care, President Bush now recommends that FY 1992 funding for the Child Care and Development Block Grant not be made available until the end of FY 1992--in effect,

denying children and families an entire year of child care assistance. He also backs away from the legislation's commitment to increase funding for the new block grant by \$93 million in FY 1992.

Congress must not back away from that commitment and provide the full \$93 million increase, allowing about 300,000 youngsters in all to have decent child care and allow their parents to work and support their families.

o Childhood immunizations in the President's budget are boosted by \$40 million, but that is a full 20 percent below the levels recommended in January by the Department of Health and Human Services' own expert advisory committee..

An additional \$50 million is needed for the Childhood Immunization program to help stem the current measles epidemic and to better find and immunize infants and toddlers against preventable disease.

o Although the President's budget rhetorically acknowledges the enormous strain that increases in abuse and neglect and growing foster care caseloads have placed on state child welfare systems, the FY 1992 budget proposes no new funds for new activities to preserve families and to prevent or treat child abuse and neglect. Instead, the budget would eliminate \$246 million in foster care funds used by the states to help prevent having to place children in foster care in the first place. The budget also fails to recommend any funding at all for the newly-enacted Family Resource and Support Grant.

Congress must reject these proposals and specifically provide the \$30 million called for by the Family Resource and

Support Grant.

o The President's budget proposes to reduce funds for basic children's health programs, such as Community and Migrant Health Centers and the Maternal and Child Health Block Grant, in order to fight infant mortality in 10 major cities to be determined later. Clearly, the nation's infant mortality problem cannot be solved through improvements in only 10 cities. And it certainly doesn't make any sense to fund a new infant mortality initiative by reducing funding for services that are already working-- programs such as community and migrant health centers which are credited with reducing infant mortality by up to 40 percent in the communities in which they are located.

An increase of \$70 million is need for Community and Migrant Health Centers in order to fund 40 new clinics.

o Even though federal funds for low-income housing programs were cut by over 80 percent during the 1980s, President Bush proposes to cut still more funds from critical housing programs and recommends no funding at all for the three initiatives enacted last year to assist homeless families with children.

An increase of \$42.7 million dollars is needed for the Education of Homeless Children program, and appropriations of \$35 million for special Section 8 housing certificates and \$12.5 million for new demonstration projects are needed to help families at-risk of being separated.

If the President has refused to follow common sense by not investing in children and the future, Congress must then take the responsibility. In 1991 Congress--starting with this Committee

and the Congressional Budget Resolution--must keep the promises it made to America's children, especially in these key areas.

In addition to living up to the promises of last year, Congress must enact several new measures to strengthen families' abilities to take care of their own children--two of which have ramifications on overall entitlement spending.

The first is legislation which offers critical support to vulnerable children and families and the child welfare systems charged to help them. The Child Welfare and Preventive Services Act will provide additional funds on an entitlement basis for comprehensive programs designed to strengthen families, protect children and address the many needs of families with substance abuse problems.

The second is legislation to expand the Food Stamp program by enacting major provisions of the Mickey Leland Memorial Hunger Prevention Act. More than 80 percent of food stamp benefits go to families with children. Unfortunately, benefits levels now do not adequately reflect current food and shelter costs, so many poor families do not have enough to eat each month. Moreover, families with children and with particularly high shelter costs should be given the same level of food stamp benefits already given to elderly and disabled persons with high shelter costs.

Together, we believe this is a narrow and limited set of spending priorities for FY 1992. However, even this limited list of children's budgetary needs may sound difficult to accomplish in light of the new budget rules laid out by last year's budget package.

Last year, Congress and the President placed caps on

spending for domestic programs, but there are no caps on the growing needs of America's families. So long as budget rules are allowed to limit the amount of money that can be invested in families while at the same time precluding cuts in the defense budget--the main defense budget, not associated with Operation Desert Storm--the nation's hands will be tied from making fair and sensible spending choices.

These ill-advised caps, in effect, mean this country must make choices between such things as investing in healthy children or investing in educated children. These are not sensible spending choices.

By the time the budget reform rules allow the American people to make fair spending decisions it will be too late for hundreds of thousands of children and their families. Today's vulnerable four-year-old cannot wait a year or two for spending caps to be lifted. She will have already entered school without a Head Start experience or be sick with the measles without a needed vaccination. By the time the categorical spending caps are lifted in fiscal year 1994:

1,104,000	children will have dropped out of school
2,400,000	children will have run away from home
1,350,000	children will have been abused or neglected
945,246	American teenagers will have had babies
153,972	children will have been arrested for drug offenses
20,000	children will have died from poverty

When dealing with children's lives, timing is everything. Therefore, we strongly believe that our proposals cannot and must not be diluted in any way.

Our very modest legislative agenda requires less than \$6

billion in investment this year to help children--a tiny fraction of the spending required for some of the initiatives proposed by President Bush's budget. For despite the newly-enacted spending caps, the President's budget has found \$500 million a day for Operation Desert Storm, \$90 million a day to bail out savings and loans, and hundreds of millions more to give capital gains tax breaks to the rich.

Spending caps or no spending caps, surely this Committee and this Congress can and must find a way to make children and families the number one priority for the nation's attention and its resources. Future generations of Americans and indeed the future of the country are depending on it.

Children's Defense Fund

1220 Street, N.W.
Washington, D.C. 20001

DEAR
BE
THE
WIDE
MT
SO

IN 1991, CONGRESS MUST:1) **Fulfill the promises it made to America's children in 1990**

In 1990, Congress approved historic children's legislation-- key first steps in helping to provide America's poor and near-poor children and families with the child care, Head Start, health care, family supports and other services they so desperately need. For example, Congress reauthorized Head Start with a promise of rising funding levels that would allow its successful services to reach all eligible preschoolers by 1994. In order for these new and expanded programs and services to fulfill their promises to children and families, Congress must now fulfill its promises by providing the necessary funding for:

- o **Head Start** to ensure participation by all eligible preschoolers by 1994. FY 1992 increase: \$2.3 billion.
- o **The Child Care and Development Block Grant** to help parents pay for child care and to help states improve the safety and availability of care. FY 1992 increase: \$93 million.
- o **The Childhood Immunization program** to help stop the current spread of measles and other preventable diseases. FY 1992 increase: \$50 million.
- o **The Family Resource and Support Grant** to help states build statewide networks of local family resource and support services. FY 1992 appropriation: \$30 million.
- o **The Education of Homeless Children** program to help bring down the barriers that keep homeless children out of school. FY 1992 increase: \$42.7 million.
- o **Newly enacted programs** that can address the housing needs of families whose children are at risk of being placed in foster care due to inadequate housing. FY 1992 appropriation for new homelessness/child welfare demonstration projects: \$12.5 million. FY 1992 appropriation for special Section 8 housing assistance certificates for these families: \$35 million.

- 2) Take the next steps necessary to strengthen families and their abilities to meet children's needs.

Congress must emphasize in 1991 the basics that all children and families need to be strong. It must also supplement these family-strengthening basics with legislation to meet the special needs of children in especially vulnerable families who face the effects of drug use, emotional problems, abuse, and neglect. Congress must:

Health Care

- o Expand Medicaid to cover all pregnant women, infants and children under age 19 with family incomes below 185 percent of the federal poverty level.
- o Increase funding for Community and Migrant Health Centers by \$70.1 million (for 40 new clinics) and for the National Health Service Corps by \$60 million (to deploy 1,000 additional doctors and nurses in medically underserved communities).

Child Welfare and Family Supports

- o Pass legislation to provide family preservation services, promote a community-based system of care for children with emotional disturbances, and ensure treatment for families affected by drugs.
- o Pass the Family and Medical Leave Act to provide job-protected leave to workers who must care for newborn, newly-adopted or seriously ill children.

Food and Nutrition

- o Increase funding for WIC (the Supplemental Food Program for Women, Infants and Children) as part of a series of steady increases so the program will reach all the low income women and children who need nutritional supplements by 1995.
- o Expand food stamp assistance to families with children by raising basic benefit levels, providing extra help to families that have particularly high shelter costs, strengthening incentives to make child support payments, and making other changes that will assist poor families. 83% of food stamp benefits go to families with children.

Education and Training

- o Expand the Jobs Corps to serve more eligible young people.
- o Pass amendments to the Job Training Partnership Act to enhance services to youth who face major barriers to employment.
- o Strengthen and expand Part H of the Education of the Handicapped Act to provide early intervention services to very young children with or at risk of developmental delays.
- o Expand educational programs such as Chapter 1 and Even Start, to help disadvantaged youngsters.

February 4, 1991

Senator SIMON. Mr. Chairman, I can't help but comment. I wish we could get every Senator to hear Marian Wright Edelman in her eloquent testimony.

Chairman SASSER. Thank you, Senator Simon.

Senator WIRTH. I would just add, Senator Simon, not only to hear it but to vote appropriately.

Chairman SASSER. We will move now to Mr. Besharov.

**STATEMENT OF DOUGLAS J. BESHAROV, RESIDENT SCHOLAR,
AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RE-
SEARCH**

Mr. BESHAROV. Thank you, Mr. Sasser, for having me, and Senators. I am not going to come here and ask you to change the budget rules. That is an issue far beyond my canon. Somehow I think that is not on the table this year. Instead, I am going to describe to you what I think is on the table, and that is a top-to-bottom examination of the programs that we now have, to see whether they can be tightened up, to see whether they can be improved.

I am going to give one example, and that is the Child Welfare Foster Care Program, one part of which, Title IV-E of the Social Security Act, is costing the Federal Government \$1.8 billion. By 1996, CBO estimates that it will cost \$4.6 billion. And my own estimate is that it will actually be about \$10 billion by 1996.

Senators, I don't think you are going to buy anything with that. It is just a transfer program right now from the Federal Government to the States, and that is what I am going to describe. At the end, I am going to say to you that you may want a hidden revenue sharing program, but it shouldn't be charged against the children's budget. That is to say, there will be \$5 or \$10 billion spent in 1996 that aren't being spent today. We are going to call it child welfare services, but it is really going to be a form of hidden revenue sharing. Call it revenue sharing, but don't charge it against the children's budget.

I will very quickly go through my statement, if you have it here.

Each year about 2.5 million children are reported for child abuse and neglect. If you take a look at chart 1——

Chairman SASSER. Would you pull your mike just a little closer, Mr. Besharov?

Mr. BESHAROV. Sure. If you look at chart 1,¹ which is on page 4 of my statement, you can see the dramatic increase of reports of suspected child abuse in this country. It has been a remarkable story, largely under the leadership, by the way, of the Federal Government. The result has been a dramatic reduction in the number of children who die as a result of child abuse and neglect. Our best estimates are that, from a high of 3,000 or 5,000 deaths 15 years ago, we are down to about 1,100.

I mention that because it is very important that we talk about social programs that work. We always complain about these problems, and it tends to let the American people forget that some programs have made an impact on the quality of life.

¹ See p. 32.

Foster care is the tail end of the child abuse reporting system—a child is reported, and if the parents can't be helped and the child is in danger, the child must be placed in foster care. It is a major Federal funding responsibility. From a low in 1983 of about 269,000 children, the foster care numbers, as you know, as the chairman mentioned, have been going up dramatically. In 3 years, they went up 30 percent nationwide. That is really a startling increase. Gentlemen, you know why. It is crack cocaine.

In Illinois, in New York where I practice law sometimes, in California, that is the story. When you go out there and you ask the caseworkers why these children went into foster care, the reason is this terrible drug which attacks so many disadvantaged families.

The result in the number of foster children is portrayed on chart 2¹ on page 7. You can see that we are up to 390,000 children in foster care. The projections by Charles Gershenson are that we will be at 540,000 children by 1995. That is the figure, I believe, that the CBO is using to predict an expenditure of \$4.6 billion.

I think that only begins to tell the story because something else is going on, just as these numbers have exploded, and that is something that we in the field—and I apologize for the words we sometimes use—something we in the field call “kinship foster care.” That is the formal placement of children with their relatives but with a foster care payment as opposed to an AFDC payment. The difference in expenditures is extreme. For many low-income families, it is very valuable to have not an AFDC payment, which might be in New York City \$89 for an additional child, but instead a foster care payment of \$455.

We have in New York now a system called kinship care. We are placing children with their grandparents and giving the grandparents or aunts and uncles, brothers and sisters, foster care payments instead of AFDC payments. The difference, as I say, is three and four times the cost.

I have one chart that reflects how this is happening on page 16.² In Illinois, for example, in the last 4 years, there has been a 121 percent increase in the number of children placed formally with their relatives as foster children—not as grandchildren but as foster children. The implications for those of us who worry about permanency planning are very great. These children, because of this financial incentive, are much less likely to be returned to their biological parents. No family preservation service, no treatment service, is strong enough to break that incentive: \$89 in New York to \$455.

AEI held a conference last week at which Mark Testa from the University of Chicago spoke, and in his paper he reported that there are rumors of signs being hung in Chicago apartment houses that say, “Grandparents, you can receive money for taking care of your grandchildren.”

I am not against doing anything reasonable to raise the amount of money going into low-income families, but the dollars are very great and the payoff looks to be very, very small. There are right now as many as 600,000 children on AFDC who do not live with

¹ See p. 35.

² See p. 44.

their parents. They live with their relatives. If only 15 percent of that 600,000 children end up in formal foster care placements, you will double Federal foster care spending—as I say, without buying any improvement in a terrible foster care system.

Why do I go through this story? This program, like many others, is in what they euphemistically call “the baseline”. If you take no legislative action, this money goes out the door. But this money eventually will be charged against our deficit and against the children’s budget.

Maybe this year, maybe next, this budget agreement will change, and we will do everything that Marian said. In the meantime, I think it behooves us all to look at these kinds of programs and say, yes, indeed, there are tradeoffs we have to make. And this is one which we ought to fix. We ought to fix this one and gain \$5 or \$10 billion a year, and use it for Head Start, child care, immunizations, whatever. The point is this is a program that needs fixing. It is early on in this cycle. You can do something about it.

Thank you very much, Mr. Chairman.

Chairman SASSER. Thank you very much, Mr. Besharov.

[The prepared statement of Mr. Besharov follows:]

American Enterprise Institute for Public Policy Research



STATEMENT

OF

DOUGLAS J. BESHAROV

BEFORE

COMMITTEE ON THE BUDGET

UNITED STATES SENATE

February 28, 1981

Mr. Sasser, members of the committee, thank you for inviting me to testify before you on the subject of children, families, and the federal budget.

In recent years, there have been major expansions of federal funding for disadvantaged children and their families in: child care, Head Start, Medicaid, and the Earned Income Tax Credit, to name just the most notable.

The severe spending constraints imposed by last year's budget agreement make further major expansions of any of federal program unlikely--at least for the next two or three years. But, even without large infusions of additional funds, much can be done to help disadvantaged children and their families--if only we can unlock the literally billions of dollars in poorly targeted or poorly spent money in the federal budget.

In the abstract, most of us could probably agree on what needs to be done:

- Set priorities carefully: We need to be much more careful in deciding what problems to address. Some problems have a more pressing claim on public resources.

We also have to be much more careful in deciding who gets services. Some children and families, generally the more disadvantaged, belong at the head of the queue for limited government funds.

- Encourage responsive and responsible state administration: The reimbursement formulas used by many federal programs pay for activities as long as they fit within statutory criteria, regardless of their outcome. If federal payments rewarded more effective programs, states would have an added incentive to monitor and improve their own programs.
- Integrate related funding streams: Over the years, a plethora of categorical programs have grown up around various social problems. While categorical programs may have political utility (they tend to increase the total funding available for a problem), they atomize services making them less effective, they deny states the easy ability to reshape their programs in response to changing conditions, and they are a nightmare to administer.
- Facilitate program innovation: Unfortunately, the passage of a federal program tends to freeze state practices in that area. Federal programs support current activities or approaches, but may not cover new ones, so there is a natural tendency for states to stick with the status quo. Whether through more flexible legislative guidelines, or through a waiver/demonstration process, states wishing to try new--and perhaps better--approaches should be allowed to do so with a minimum of administrative red tape.

But accomplishing these objectives will require that we make hard choices, that we be innovative, and that we--you--face down the special interests. You have heard that before, I know, and the saying, of course, is easier than the doing. I know well that you face many political and programmatic constraints that we academics who propose major reform do not. Nevertheless, I do think that there are real possibilities for improvement. The new budget agreement, with its focus on spending limits tends to focus the mind on the trade-offs among programs.

By way of illustration, I would like to discuss one major program that, in recent years, has grown rapidly: child welfare and foster care.

Increased Reports of Child Abuse and Neglect

In 1989, about 2.5 million children are reported to the authorities as suspected victims of child abuse and neglect. Until the 1960s, however, child abuse and child neglect remained largely hidden problems, handled by poorly funded and uncoordinated agencies far from public view. If recognized at all, they were seen only in terms of a few isolated cases. People might have known that particular parents were "pretty hard on their children," but they did not realize that there were tens of thousands of such parents.

Then, in 1963, the United States Children's Bureau published a model law that required physicians to report children with a "serious physical injury or injuries inflicted . . . other than by accidental means."¹ In the short span of four legislative years, all fifty states enacted reporting laws patterned after it.

Initially, mandatory reporting laws applied only to physicians and they only required reports of "serious physical injuries" or "non-accidental injuries." In the ensuing years, though, increased public and professional attention, sparked in part by the number of abused children revealed by these reporting laws, led many states to expand their reporting laws so that, now, almost all states have laws which require the reporting of all forms of suspected child maltreatment, including physical abuse, sexual abuse and exploitation, physical neglect, and emotional maltreatment. Under a threat of civil and criminal penalties, these laws require most professionals who serve children to report suspected child abuse and neglect. About twenty states require all citizens to report. But in all states, any citizen is allowed to report.

¹ U.S. Children's Bureau, The Abused Child--Principles and Suggested Language for Legislation on Reporting of the Physically Abused Child. (DHEW, 1963).

These reporting laws, and associated public awareness campaigns, have been strikingly effective. In 1963, about 150,000 children came to the attention of public authorities because of suspected abuse or neglect.¹ By 1976, an estimated 669,000 children were reported annually. And, in 1989, almost 2.5 million children were reported. (See Table 1 and Chart 1.) That's almost seventeen times the number reported in 1963.

Table 1
CHILD ABUSE AND NEGLECT REPORTING:
1976-1989²

<u>Year</u>	<u>Number of children reported</u>
1976	669,000
1977	838,000
1978	836,000
1979	988,000
1980	1,154,000
1981	1,225,000
1982	1,282,000
1983	1,477,000
1984	1,727,000
1985	1,928,000
1986	2,100,000
1987	2,178,000
1988	2,400,000
1989	2,500,000

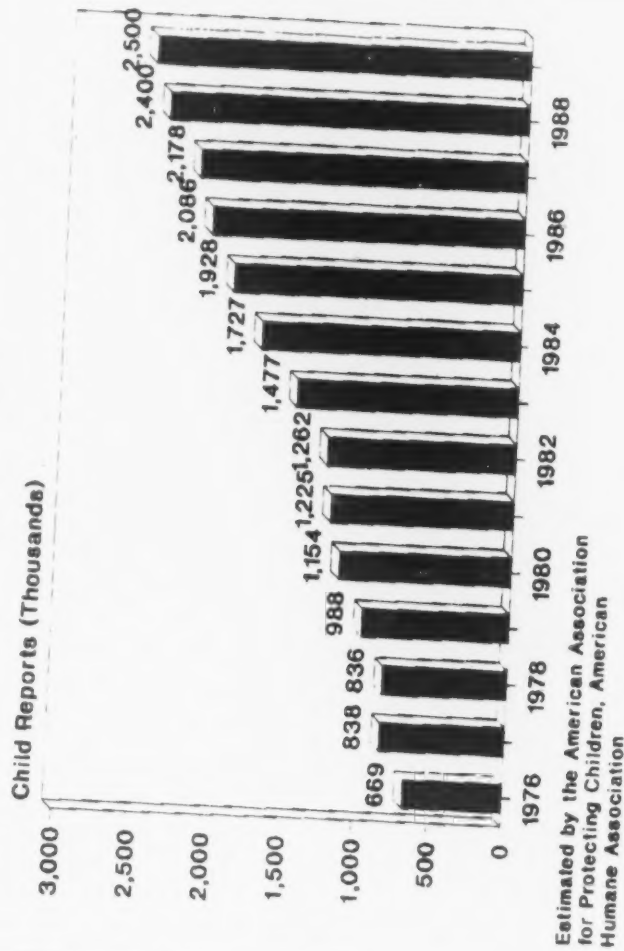
NOTE: These statistics are estimates based on information supplied by the states to the American Humane Association. They include "unfounded" reports, which are now an estimated 55 to 65 percent of all reports.

¹ U.S. Children's Bureau, *Juvenile Court Statistics*, (DHEW, 1966) p. 13.

² Source: American Association for Protecting Children, various reports.

CHART 1

National Child Abuse and Neglect Reports 1976 - 1989



Source: Gershenson, Charles P., "The Dynamics of the Flow of Children into Foster Care." Prepared for American Enterprise Institute's Conference on Child Welfare Reform Proceedings, February 20-21, 1991.

Many people ask whether this vastly increased reporting signals a rise in the incidence of child maltreatment. While some observers believe that deteriorating economic and social conditions have contributed to a rise in the level of abuse and neglect, there is no way to tell for sure. So many maltreated children previously went unreported that earlier reporting statistics do not provide a reliable baseline against which to make comparisons. However, one thing is clear: The great bulk of reports now received by child protective agencies would not have been made but for the passage of mandatory reporting laws and the media campaigns that accompanied them.

Child welfare programs still have major problems, some of which I will discuss. Nevertheless, one must be impressed with the results of this twenty year effort to upgrade child protective programs. Specialized "child protective agencies" have been established to receive reports (usually via highly publicized hotlines) and then to investigate them. And treatment services for maltreated children and their parents have been expanded substantially.

As a result, many thousands of children have been saved from death and serious injury. The best estimate is that, over the past twenty years, child abuse and neglect deaths have fallen from over 3,000 a year (and perhaps as many as 5,000) to about 1,100 a year.⁴

Recent Growth of Foster Care

In 1980, the year of the implementation of PL 96-272, there were approximately 302,000 children living in foster care. While information about the number of children in foster care is sketchy at best, in 1983, apparently the number of foster children dropped as low as 269,000.⁵ From then, the number slowly rose, so that, in June 1987, there were about 280,000 children in foster care; by June of 1990, their were approximately

⁴ Andrea Sedlak, The Supplementary Analyses of Data on the National Incidence of Child Abuse and Neglect. (Rockville, MD: Westat, Inc., May 1989) p. 2-2, Table 2-1.

⁵ The numbers cited are "single day counts," a picture of the number of children in foster care on any one day in the year cited. As Gershenson explains, this "has created a false impression of the total number of children served by the child welfare system during the year. For example, though there were 276,000 children served on a single day in 1985, there were a total of 453,000 children served during the year. The flow of children into and out of the child welfare system is dynamic." See Charles P. Gershenson, "The Dynamics of the Flow of Children into Foster Care." Prepared for American Enterprise Institute, Conference on Child Welfare Reform Experiments, February 20-21, 1991, p. 6.

380,000.⁶ That's a 29 percent increase in just 36 months--and the trend seems to be continuing. (See Chart 2.)

Because the data are so incomplete, no one knows for certain why the number of children in foster care has increased since 1985. However, one factor seems to stand out: crack cocaine.

Although drugs have long plagued our society, crack, a derivative of cocaine which first hit the streets in 1985, poses a much more severe threat to young children--because their mothers use it. For the first time, there are large numbers of female addicts, many of whom have children or are pregnant. Crack is a different kind of drug, too: it is a mean drug that induces some parents to incredible violence. And children who are not physically assaulted may be victims of their parents' neglect. "People who start using have got to find that money. Children aren't being fed," says Maurice Macey, Western Regional Manager for Missouri's Division of Alcohol and Drug Abuse. "Mothers sell their food stamps. Young women sell their bodies, and that's done in front of the children. Even when heroin was at its worst, it wasn't like this --it wasn't openly done."⁷

Not surprisingly, the communities hardest hit by the crack addiction have experienced startling increases in foster care. Two states (California and New York) were together responsible for 55 percent of the 29 percent increase in foster care rates mentioned earlier.⁸ This seems to be caused by both an increase in the number of children entering care and a steady lengthening of the amount of time they spend in care.

And, as Table 2 and Chart 3 indicate, there has been a corresponding increase in federal expenditures for foster care maintenance. In 1991, the federal expenditures for IV-B increased by approximately eight percent to \$273.9 million, and the expenditures for Title IV-E foster care increased by \$336.2 million (23 percent). Title IV-E adoption assistance increased 52 percent to \$189.8 million.

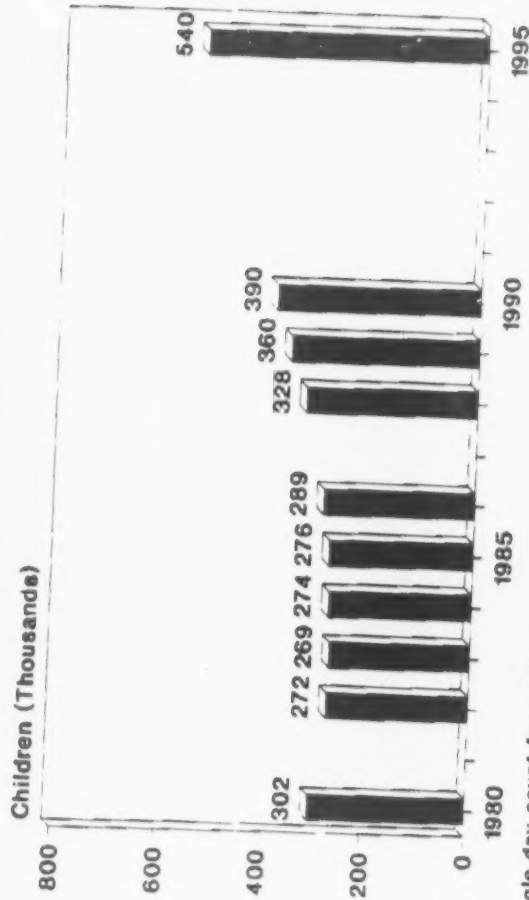
⁶ Toshio Tatara, American Public Welfare Association, Children of Substance Abusing Parents in Public Child Welfare, Final Report. Prepared for the American Enterprise Institute, November 1990, p. 64.

⁷ Elisabeth Wynhausen, "Cracked Out," Ms. Magazine, September 1988, p. 73.

⁸ Tatara, Children of Substance Abusing and Alcoholic Parents in Public Child Welfare, pp. 34, 53.

CHART 2

Child Welfare Children in Foster Care 1980 - 1989 Projections for 1990 and 1995



Single day count for each year except
1981 and 1987 due to lack of data.
1990/1995 projections at 6.5% annually.

Source: Gershenson, Charles P., "The Dynamics of the Flow of Children into Foster Care." Prepared for American Enterprise Institute's Conference on Child Welfare Reform Experiments, February 20-21, 1991.

TABLE 2

**FEDERAL CHILD WELFARE EXPENDITURES
STATE FORMULA AND ENTITLEMENT PROGRAMS**
(in millions of dollars)

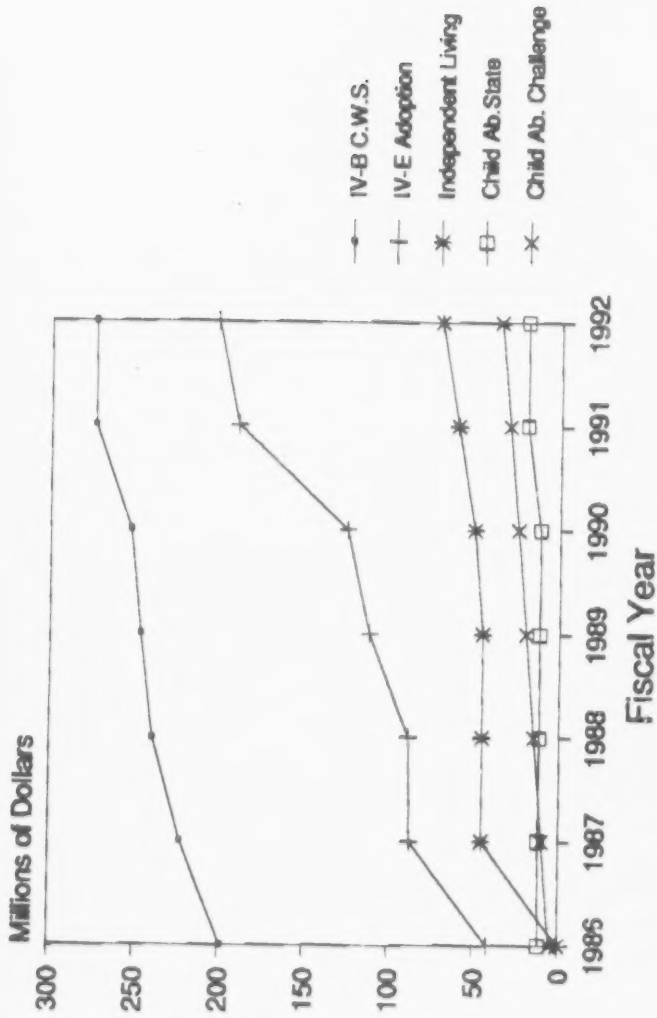
	<u>FY1986</u>	<u>FY1987</u>	<u>FY1988</u>	<u>FY1989</u>	<u>FY1990</u>	<u>FY1991</u>	<u>FY1992</u>
Title IV-B Child Welfare Services	198.1	222.5	239.4	248.7	252.6	273.9	273.9
Title IV-E Foster Care	637.2	752.8	891.4	1,194.4	1,476.9	1,813.1	2,223.7
Title IV-E Adoption Assistance	41.4	87.1	88.0	111.7	124.9	189.8	201.9
Indepen- dent Living	---	45.0	45.0	45.0	50.0	60.0	70.0
Child Abuse State Grants	11.4	11.9	11.5	11.6	11.5	19.5	19.5
Child Abuse Challenge Grants	4.9	5.0	4.8	4.8	4.9	5.4	5.4

All figures for 1991 and 1992 are estimated expenditures. Figures for others years represent actual spending.

Source: Budget of the United States Government, FY1988-1992

CHART 3

Federal Child Welfare Expenditures State Formula and Entitlement Programs



(Source: U.S. Budget, FY 1988-92)

However, despite these large increases in funding, for many children, the conditions in foster care remain poor. While a quick adoptive placement, or return home is the goal for all children in foster care, the harsh reality is that neither of these happen for many kids. While the majority of children leave foster care in less than one year, for those that don't, the resulting drift, in foster care "limbo," is harmful to their emotional and physical development.

Again, data are scarce and incomplete. However, according to data from 1985, the median stay in foster care was 8 months. Notwithstanding, 26 percent of the children remained in foster care more than 2 years. Moreover, in some states, this figure is much higher. For example, Maryland reports that 51 percent of children remain in care for more than two years; Texas reports 58 percent.⁹ This is not surprising, or unusual. These numbers vary from year to year. Regardless, for those children who do remain in foster care for more than two years, whether its 25 percent or 50 percent, foster care limbo creates problems that are significant.

While children are living in foster care, they are supposed to be better off than if they were living in the homes of their parents. And for most children, this is the case. Foster care can be a positive experience, enabling families to strengthen and then reunite. However, perhaps because of the unprecedented number of children on the foster care rolls, for many children foster care is a dismal experience. For those children, needs are ever decreasingly met.

It is not uncommon for children to be placed in foster homes, and then rarely visited by overburdened social workers. Often, they do not get necessary medical treatment, emotional counseling or even visits with recovering parents. Visits with siblings, who are frequently placed in different foster homes, are even more rare. This occurrence is becoming unfortunately common, resulting in a rash of class action suits against Departments of Social Services.¹⁰ This increasing problem forces one to ask if the child is, indeed, better off in foster care.

Foster Care Administrative Costs

The Title IV-E Foster Care Program is an open-ended entitlement program which provides federal matching for maintenance payments to foster care providers for AFDC-eligible children. It also provides federal matching funds at a rate of 50 percent for state's administrative costs for

⁹ Gershenson, p. 9.

¹⁰ *L.J. v. Massinga*, 699 F.Supp. 506 (D. Md. 1988), *Lashawn A. v. Barry*, No. 89-1754, (D.C., D.C. filed June 20, 1989). Other suits have been filed in Kansas, Louisiana, Missouri, New Mexico, New York, Pennsylvania, and Virginia.

the program and at a rate of 75 percent for training of foster care personnel and foster parents. Federal expenditures for this program have increased significantly since 1981, but the growth has not been balanced. Administrative and training costs have increased at a much higher rate than maintenance payments--since 1981 state claims for administrative and training costs have increased about 2,600 percent compared to about 260 percent for maintenance payments (See Table 3).

There are wide differences among the states in the degree to which they take advantage of this open-ended program. For example, in Texas 70 percent of the total foster care expenditures under Title IV-E are spent on administration, while in Alaska administrative costs make up only 1.27 percent of the expenditures. (See Table 4)

TABLE 3

Federal Child Welfare Expenditures (in millions)

Fiscal Year	Title IV-B child welfare services	Title IV-E Foster Care State Claims		
		Total ¹	Maintenance Payments	Admin/Training
1981	163.6	308.8	278.4	30.4
1982	156.3	373.8	301.3	72.5
1983	156.3	394.8	275.5	117.9
1984	165.0	445.2	297.8	147.4
1985	200.0	546.2	355.3	190.9
1986	198.1	637.2	404.6	228.3
1987	222.5	752.8	422.0	288.1
1988	239.4	891.4	520.7	352.5
1989	246.7	1194.4	686.4	508.0
1990	252.6	1476.9	843.9	633.0
1991	273.9 ²	1813.1 ²	1010.1 ²	818.5 ²

Source: Green Book for data through 1988. Office of the Commissioner of ACYF, Dept. of Health & Human Services for 1989-1991.

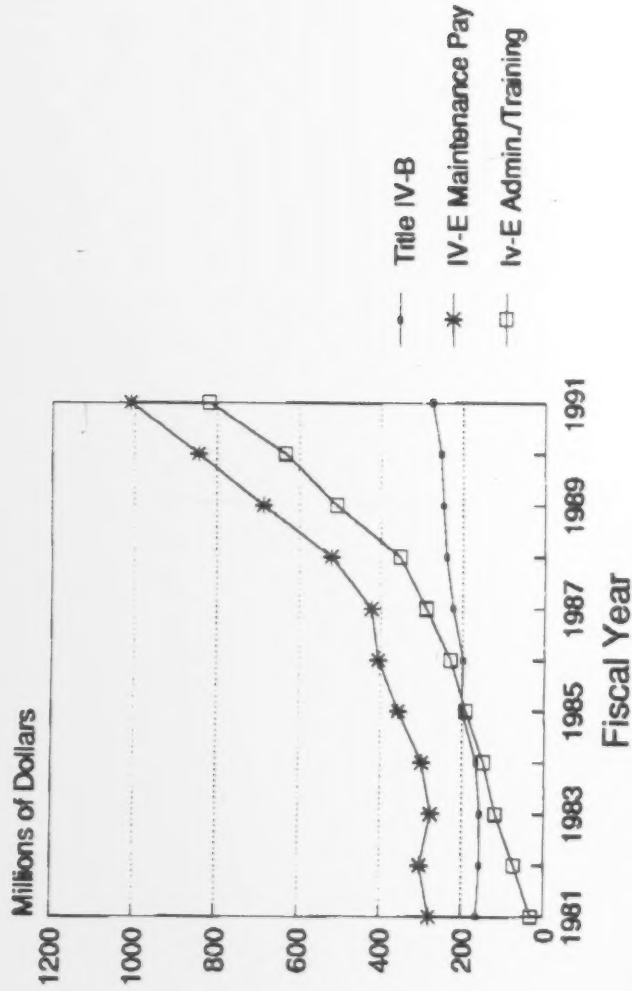
¹This total does not include transfers to Title IV-B.

²Appropriated.

³Estimated.

CHART 4

Federal Child Welfare Expenditures Under IV-B & Title IV-E



(Source: Green Book for data through 1988, Dept. of HHS/ACYF for 1989-91)

TABLE 4
FEDERAL FOSTER CARE EXPENDITURES UNDER TITLE IV-E, FISCAL YEAR 1988
(Dollars in millions)

State	Maintenance payments	Administration	Training	Total	Administration as percent of total
Alabama	\$1.64	\$0.16	\$0.00	\$1.80	8.89
Alaska	.78	.01	.00	.79	1.27
Arizona	1.50	2.29	.10	3.79	60.42
Arkansas	.62	.44	.03	1.06	41.51
California	114.88	74.48	.99	189.36	39.33
Colorado	3.16	1.29	.11	4.45	28.99
Connecticut	4.98	1.75	.03	6.73	28.00
Delaware	.53	.54	.01	1.07	50.47
District of Columbia	2.74	2.20	.05	4.94	44.53
Florida	8.14	3.73	.08	9.87	37.79
Georgia	5.68	5.41	.09	11.29	47.82
Hawaii	.07	.02	.00	.08	22.22
Idaho	.32	.04	.00	.36	11.11
Illinois	18.12	8.83	.00	26.95	32.76
Indiana	1.50	.29	.00	1.78	15.73
Iowa	2.27	2.21	.13	4.48	49.33
Kansas	3.64	.95	.01	4.59	20.70
Kentucky	6.35	1.41	.05	7.76	18.17
Louisiana	7.59	7.99	.07	15.58	51.28
Maine	3.29	1.98	.13	5.27	37.57
Maryland	5.40	11.56	1.09	16.96	68.16
Massachusetts	7.08	4.14	.01	11.22	36.90
Michigan	43.74	20.69	.11	64.43	32.11
Minnesota	7.76	8.04	.44	15.80	50.89
Mississippi	.92	.02	.00	.94	2.13
Missouri	8.89	7.76	.37	14.85	52.97
Montana	1.83	.29	.04	2.12	13.68
Nebraska	2.63	2.22	.04	4.78	46.74
Nevada	.68	.38	.00	1.06	35.85
New Hampshire	2.36	1.07	.00	3.43	31.20
New Jersey	7.16	7.39	.50	14.55	50.79
New Mexico	2.23	1.68	.02	3.91	42.97
New York	156.17	72.09	13.48	228.26	31.58
North Carolina	2.18	.21	.00	2.39	8.79
North Dakota	1.08	.25	.03	1.33	18.80
Ohio	14.09	18.95	1.83	31.04	54.81
Oklahoma	2.86	1.93	.01	4.79	40.29
Oregon	5.92	7.23	.00	13.15	54.98
Pennsylvania	40.00	7.50	.15	47.50	18.79
Rhode Island	2.41	3.10	.09	5.51	56.26
South Carolina	1.98	2.27	.20	4.28	53.29
South Dakota	.63	.97	.20	1.65	58.79
Tennessee	2.56	.06	.00	2.60	1.82
Texas	8.92	21.62	.88	30.54	70.79
Utah	1.22	.39	.08	1.61	24.22
Vermont	1.89	1.90	.03	3.79	50.13
Virginia	3.34	1.00	.01	4.34	23.04
Washington	3.26	3.69	.17	6.95	53.09
West Virginia	5.82	1.86	.33	7.68	24.22
Wisconsin	9.59	6.30	.00	15.89	39.65
Wyoming	.33	.88	.03	.71	53.62
Total	538.880	330.840	21.600	869.820	38.95

Source: Department of Health and Human Services, Office of HHS, ACYF.

The primary reason for this striking increase in administrative costs is the extremely broad definition of allowable costs. Current HHS regulations give the following examples of allowable administrative costs: referral to services, preparation for and participation in judicial determinations, placement of the child, development of the case plan, case reviews, case management and supervision, recruitment and licensing of foster care providers, and a proportionate share of overhead. The HHS Inspector General reports that about 20 percent of Title IV-E administrative costs are "traditional" administrative costs, while the remainder are for social services related to placement.¹¹

Because the definition of administrative costs is so broad, it will be very difficult to control costs without a change in legislation. In fact, expenditures will probably continue to rise as more states become aware of the broad definition and decide to use it to maximize federal dollars. There are actually consultants who specialize in helping states file these claims. Their fee? The rumor is that fees reach as high as 10 percent of additional federal payments.

Another Budget Buster: Kinship Care

The other factor which seems, at least partially, to be driving the increase in foster care numbers is kinship care. Kinship care is the formal placement of children in the care of relatives, coupled with the payment of full foster care rates to the family. Kinship care is the "fastest growing component of publicly supported, substitute care."¹² (See Table 5)

¹¹ Karen Spar, Child Welfare and Foster Care Reform: Issues for Congress. Congressional Research Service, January 30, 1991.

¹² Mark Testa, "Conditions of Parents and Children at Risk of Substitute Care." Prepared for American Enterprise Institute, Conference on Child Welfare Reform Experiments, February 20-21, 1991, p. 3.

TABLE 5

CHILDREN IN FOSTER CARE, BY TYPE OF CARE

(Count)

	<u>FY1986</u>	<u>FY1987</u>	<u>FY1988</u>	<u>FY1989</u>	<u>FY1990</u>	<u>Change*</u>
CALIF.						
relative/ guardian+	12,300	18,100	23,000	30,200	N/A	145%
other	28,000	29,200	32,700	36,900	N/A	32%
ILLINOIS						
relative	3,700	4,200	5,500	6,700	8,200	121%
non-relative	9,700	10,800	11,100	11,800	12,400	27%
NEW YORK						
relative++	N/A	N/A	3,500	10,900	19,000	>400%
non-relative	N/A	N/A	16,500	24,000	28,000	58%

(Percent)

CALIF.						
relative/ guardian+	30.5%	38.3%	41.3%	45.0%		
other	69.5	61.7	58.7	55.0		
ILLINOIS						
relative	27.6	28.7	33.0	36.0	39.9	
non-relative	72.4	71.3	67.0	63.9	60.0	
NEW YORK						
relative	N/A	N/A	17.5	31.2	42.2	
non-relative	N/A	N/A	82.5	68.8	57.8	

TABLE 5
(cont.)

- * Percentages in this category refer to changes over different time periods in each state: California 1988-89, Illinois 1986-90, New York 1988-90.
- + The majority of placements in California's relative/guardian category are with relatives: 86.6% in FY1988-89.
- ++ New York State did not collect numbers on kinship care prior to 1988.

Sources: "Ten Reasons to Invest in the Families of California," County Welfare Directors Association of California, Spring 1990, Tables 9.2 and 9.3; Mark Testa, "Conditions of Parents and Children at Risk of Substitute Care," prepared for a conference on Child Welfare Reform Experiments, American Enterprise Institute, February 1991, Table 1; New York City Child Welfare Administration.

There are both positive and negative aspects to kinship care. First, kinship care provides a much needed new source of foster parents. Most importantly, however, it enables children to continue to live with family, at a time when they may strongly need stability and continuity. This is particularly beneficial to young black children, who "are more vulnerable to family disruption due to early childbearing, absent fatherhood, poverty, abuse and neglect."¹³ However, exactly because these arrangements avoid a complete break in family ties, there is no incentive to return the child home, or to put the child up for adoption.

Moreover, the financial incentives suggest that care of the child remain with the kinship foster family. In that way, the family will get the foster care payment, rather than the AFDC payment. This can be quite a substantial difference. Peter Forsythe of the Edna McConnell Clark Foundation reports that, in New York City, the difference is \$80 for an additional child on AFDC versus a foster care grant of \$455 plus special allowances for clothing, etc.¹⁴ Alternatively, relatives sometimes return children to their parents without telling the agency, either out of fear or solicitude. Either situation can lead to long-term instability. Clearly, more study and experimentation will be needed.

Although it is difficult to predict with any confidence future growth trends in this type of care, some evidence suggests the possibility of dramatic expansions of the kinship care population in coming years. If you think the growth in foster care payments in the late 1980s was alarming, as they say, "you ain't seen nothing yet."

We do not know to what extent recent increases in kinship care are the result of decisions by informal caregivers to trade in their AFDC payments for foster parent status. In some locations, the financial incentive to switch programs is very strong. In many places, the foster care payment for one child is three times the AFDC payment.¹⁵ As Mark Testa notes, this yawning gap has generated rumors about signs "being hung in apartment houses saying, 'Grandparents, you can receive money by taking care of your grandchildren.'"¹⁶

¹³ Testa, p. 4.

¹⁴ Peter Forsythe, "Homebuilders and Family Preservation." Prepared for American Enterprise Institute, Conference on Child Welfare Reform Experiments, February 20-21, 1991, p. 4.

¹⁵ Mark Testa, "Conditions of Parents and Children at Risk of Substitute Care," prepared for a conference on Child Welfare Reform Experiments, American Enterprise Institute, February 1991, p. 5.

¹⁶ Testa, p. 6.

In the case of AFDC-eligible families, data reveals over 300,000 adult AFDC recipients who are caring for their relatives' children.¹⁷ These include grandparents (2.3 percent), siblings (.7 percent) and other relatives. Even if each of these adult relatives cares for only one child, that statistic represents a potential addition to the Title IV-E foster care caseload of over 300,000 children. However, since the average AFDC family cared for 2.0 children in 1987, the IV-E pool could loom as large as 600,000 eligible children. Should just 15 percent of these 600,000 children enter the public system, the IV-E caseload would increase by half.

The potential for even higher numbers of kinship foster care claims is contained in the living arrangements of American children. In 1988, 1.9 million children under 18 lived with neither their mother nor their father.¹⁸ Roughly three-quarters of these children were in the care of relatives, the rest in the care of non-relatives.¹⁹ In theory, some proportion of these children represent a potential pool of entrants to the foster care system in the future.

¹⁷ "Characteristics and Financial Circumstances of AFDC Recipients, FY 1987," published by the Family Support Administration, U.S. Department of Health and Human Services.

¹⁸ From the Statistical Abstract of the United States 1990. Note that this figure does not include those under 18 who have established their own households.

¹⁹ Analysis by Mark Testa, University of Chicago, based on data in the Current Population Survey.

TABLE 6

Federal Child Welfare Expenditures Projections for 1992-1996
(In millions of dollars)

	FY92	FY93	FY94	FY95	FY96
Title IV-B	298.5	311.4	324.3	337.3	350.7
Title IV-E	2898	2917	3401	3938	4531

Source: CBO official estimates of outlays

Given the sheer size of the potential IV-E and IV-B pools and the financial lure of foster care payments for AFDC families, these programs could grow to heretofore unimaginable size. Federal costs of 10 billion a year--by 1996--are possible. Foster care may be one of the most critical issues for policymakers to watch in the coming months. A number of important bills have been introduced to address the issues I have mentioned.

Preventive Services

One proposal is to increase the funding under section IVB for preventive or what are broadly called "family preservation" services. But it seems to me that expansions here will not achieve their intended purpose. I estimate that states currently spend four times as much on IVB eligible services than they are not reimbursed for. Thus, the appropriation would have to be quadrupled, to over a billion and a quarter dollars before this overhang would disappear.

Thus, it is not likely that additional federal IV-B funds would really translate into new state services for at-risk children and families. Instead, those additional dollars would most likely substitute for part of the presently unreimbursed billion dollars or more that already spend on these child welfare activities without federal reimbursement. In turn, the state child welfare funds freed up by higher IV-B appropriations could be channeled into road building, economic development, or whatever state priorities are most pressing. For, after enjoying a period of budget surpluses in the mid- to late-1980s, the majority of states have now come to represent "the other budget deficit"--with operating shortfalls in 36 states in FY 1990. According to some estimates, the overall state deficit may triple by the end of 1992.

Tough maintenance of effort provisions and other rules might limit such substitution of funds--but, if past experience is any guide, it won't.

The current problem may be described in terms of Arthur Okun's classic metaphor of the leaky bucket: the federal government pours money into a program, and some of it necessarily leaks out. We all understand and accept this. But in the case of additional IVB funding, little of this money is likely to get to its intended beneficiaries.

If the Congress want to put this amount of money into revenue sharing, so be it, but the funds should not be charged against children's programs.

Moreover, even if the added funds do not become a form of hidden revenue sharing, expanded family preservation and other preventive services would not result in a major decline in foster care costs.

Prevention is an ideal that guides child welfare policy. Family preservation services refer to a wide range of programs and activities driven by two concerns: "the supposed deleterious effects of removing a child from his or her natural parents and the increasing costs of foster care and institutional placements."²⁰ Components of family preservation programs generally include small caseloads (often one or two cases per social worker), intensive interaction for a limited period of time, and home, rather than office, based services.²¹

Early on, these programs were hailed as great successes. However, carefully controlled studies have not documented real success in either preventing foster care placements or improving family functioning.²² The plain fact is that many of the families in our child welfare system have deepseated problems beyond the immediate reach of current treatment technology.

I should emphasize, though, that argument over whether family preservation services work or don't work creates a false dichotomy. It is not merely a case of success or failure. Based on my twenty years in the field, I am convinced that family preservation services are valuable programs which help many families adequately care for their children and avoid a foster care placement. However, I am equally convinced that they are not the needed service for a substantial portion of the foster care caseload.

Cap the Program?

Efforts by states to squeeze the maximum dollars out of open-ended, federal grant programs are not new. One of the best documented cases is the story of the growth of grants-in-aid to the states for social services under the public assistance titles of the Social Security Act two decades ago.²³ Although most of the groundwork for the expansion of these

²⁰ John Schuerman, et al., "Some Realities in the Implementation of Family Preservation Services." Prepared for American Enterprise Institute, Conference on Child Welfare Reform Experiments, February 20-21, 1991.

²¹ Homebuilders is a widely praised example of a family preservation service. For further information see Peter Forsythe, "Homebuilders and Family Preservation." Prepared for American Enterprise Institute, Conference on Child Welfare Reform Experiments, February 20-21, 1991.

²² Schuerman, p. 6. For example, while family preservation services are generally targeted at families in which a child is at imminent risk of placement, recent evaluation studies reveal that this criterion was not consistently applied. Other criticisms include poor implementation and management.

²³ Martha Derthick, Uncontrollable Spending for Social Services Grants. The Brookings Institution, 1975.

programs had been laid by 1962--thanks to new federal requirements for states to provide a range of services to their welfare recipients and far higher federal matching rates--states did not learn how to take full advantage of the "loopholes" in the public assistance titles until the late 1960s. The combination of states' newly developing grantmanship skills and the federal bureaucracy's embrace of program expansion led to runaway spending under the social services titles of the Social Security Act--from \$354 million to \$1.7 billion in just three years between 1969 and 1972.

Then, like now, child welfare played an important role in the rise of federal social services budgets. Although no one seemed to know just what these grants were buying, one study by a private accounting firm traced 25 percent of total expenditures to child foster care, 15 percent to child care, and the rest to a variety of functions from alcoholism treatment to homemaker services. By the late 1960s, states had learned to shift child welfare costs from the IV-B program to the open-ended IV-A entitlement with its higher matching rate: a familiar story to observers of today's IV-E program, only using different letters of the alphabet.

Some federal policymakers read the early warning signs of ballooning social services spending in 1970 and 1971. They responded with a variety of legislative and administrative proposals to impose some control. None of these proposals, however, were able to overcome the political power of the entrenched grants-in-aid constituencies. Not until 1972 did Congress finally call a halt to the feeding frenzy by capping the social service entitlements at \$2.5 billion per year. The establishment of Nixon's General Revenue Sharing program for the states--which also made its way through Congress in 1972--provided the political window needed for the policymakers to clamp down on the hidden revenue sharing within the Social Security Act. The capped entitlement became what we now know as the Social Security title XX block grant in 1974 and has held a remarkably steady spending level ever since--ranging between \$2.4 billion and \$3.0 billion in nominal dollars.²⁴ (Adjusted for inflation, the value of title XX has fallen steadily throughout the period.)

We know more today than they did in the early 1970s about the role of administrative costs in the expansion of these types of social services grants. Derthick, in her analysis of the early social services debate, anticipates the current debate over child welfare services versus maintenance versus administrative payments and caps versus open-ended entitlements. "There were good reasons for the open-endedness of grants for cash assistance to the poor," she argues, "since no one could know how many recipients there would be, but the same logic did not apply to services,

²⁴ Committee on Ways and Means, 1990 Green Book: Overview of Entitlement Programs. U.S. Congress, WMCP 101-29, June 5, 1990.

which consisted largely of administrative costs.²⁵ In some ways, circumstances today sound remarkably like the circumstances that led to the capping of social services in 1972, with the addition of the federal budget deficit as an extra incentive to control runaway programs.

Thus, the President's 1992 budget proposes to shave \$246 million of Title IV-E administrative costs by targeting administrative payments to cover only AFDC-eligible children in foster care and by disallowing reimbursement for pre-placement activities. Even then, total IV-E foster care expenditures are still expected to increase by approximately \$164 million. The President proposes to use the reduction in foster care administrative costs to increase Title IV-B child welfare services expenditures by \$90 million. The 1992 budget would reauthorize most other child welfare programs at their current levels.

What Needs to Be Done

Federal rigidity also makes it harder for states to respond quickly and creatively to new crises. The "crack baby" phenomenon illustrates this point vividly. The epidemic of prenatal cocaine abuse began showing up in state statistics in the mid-1980s and states did what they could to piece together programs to address it—with substance abuse, Medicaid, child welfare, and other federal funds, as well as state funds. Not until 1990-91, however, has the Congress begun to develop proposals for significant new federal initiatives to combat the problem. With some evidence showing that prenatal cocaine use may be subsiding now the federal response clearly has been too little too late.

Clearly, we need to develop a program that protects federal fiscal interests while, at the same time, giving states the flexibility to design programs that meet their particular needs. In the past, the problem was defined in terms of state reluctance to spend enough money on children and families. But examples such as IV-B reveal high levels of state spending on many important activities—levels far above what the federal government reimburses. Efforts to push the states to spend more have, instead, distorted states' decisions about what to spend it on. As a result, states are encouraged to overprovide services eligible for federal reimbursement and underprovide services that cannot be reimbursed.

As I have tried to describe, instead of throwing up our hands in despair because of budget restrictions, we should try to unlock the potential

²⁵ Derthick, p. 87.

that is in current programs. We can no longer afford inefficient programs--if we ever could.

There are many other federal programs for disadvantaged children and families that would benefit from the same sort of top-to-bottom evaluation. My basic point is simple: Now, more than ever, we need to get the most bang for the bucks that we spend to help disadvantaged children and their families. Thank you.

I would be delighted to try to answer any questions that you might have.

Chairman SASSER. We will turn now to Mr. Greenstein.

**STATEMENT OF ROBERT GREENSTEIN, DIRECTOR, CENTER ON
BUDGET AND POLICY PRIORITIES**

Mr. GREENSTEIN. Thank you, Mr. Chairman. I appreciate the invitation to appear before the committee today.

As I think the Senators on this committee know, poverty does remain at high levels in this country. As you would expect, during periods of recovery, the poverty rate drops, and during periods of recession the poverty rate rises. And it is, therefore, a goal to get the poverty rate as low as you can during a recovery so that when a recession hits, you are starting from a lower level.

Unfortunately, in 1989, the last year of the longest peacetime economic recovery since the end of World War II, the poverty rate was actually higher than in any year of the 1970's, including the deepest recession years of that decade. So we have gone into this recession with a high poverty rate to start with.

Of course, the group for whom poverty has grown most rapidly was children. Their poverty rate in 1989 was higher than in any other year since 1965.

This problem is shown to be even more serious if we look at the census data on the number of children whom you might call the poorest of the poor. These are children who live in families where the incomes are below half of the poverty line. Their ranks have grown even faster than the number of poor children overall. The number of white children in this poorest of the poor category grew 36 percent from 1979 to 1989. The number of black children in this category rose 52 percent.

Marian Wright Edelman talked a little bit about comparisons between the United States and other countries. If you can bear with me, I would like to give you one more set of comparisons. This is from very important new research, years in the making, by an international team of distinguished researchers, including our Census Bureau. It involves a comparison of child poverty in eight industrialized countries: Australia, Canada, Great Britain, Norway, Sweden, Switzerland, the United States, and West Germany. The results, published within the past 2 years, show that the United States has the highest child poverty rate of any of these industrial countries. In fact, Canada's child poverty rate is only half what the United States' is.

The study also found that the poverty rate just among white children in the United States was higher than the poverty rate for all children in every other country studied, with the exception of Australia.

In publishing their results, the U.S. researchers on this team noted that there were serious implications for the future U.S. work force in the economy. They wrote, "... the poverty of our children today may affect our long-term competitiveness with other wealthy countries who tolerate much less child poverty than does the United States."

Now, these data that I have just mentioned are from years of economic recovery. But now that we are in a recession, poverty is

rising. In virtually every year that unemployment has climbed, poverty has risen along with it.

Hopefully, the recession will end by mid-year, although we really don't know for sure if that will occur. But a point that I would like to underscore today is that unemployment—and as a result, poverty—will remain at elevated levels for quite some time. I found in conversations I have had recently that there is a lot of confusion about what it means for a recession to end. Many people think that means the hardship is over. In fact, the end of the recession is the point at which the economy hits bottom, stops going down any more, and begins to come back up. The point at which the recession ends is the point at which unemployment is at its highest level. And from past recessions, we know that long-term unemployment—and the long-term unemployed are the people most likely to be poor among the unemployed population—tends to peak after the recession is over.

Now, if you look at the administration's own forecasts in its new budget, they bear this out. They show that average unemployment will be slightly higher in fiscal year 1992 than in fiscal year 1991. They show that, under the administration's own forecast, it will be the second half of 1993 before unemployment gets back to the level it is at today. And today we have 1.2 million people who have lost their jobs in the past 7 months.

This means higher poverty rates for children in the next few years, and it is aggravated by the fact that we entered this recession with a weaker unemployment insurance safety net than at any time in the past 35 years. Only one-third of the unemployed were receiving unemployment benefits in an average month before the onset of the recession.

I would like to turn now, as I was requested to do, to some discussion of hunger among children. I had planned, I must say, to recommend and express a hope that the chairman might consider reintroducing the very important antihunger legislation he introduced last year. I find this morning he is well ahead of me and has already done that, and I would very much like to commend you for that very important action, Mr. Chairman.

As you will recall, a year ago you had a hearing on hunger among children, and you heard from two witnesses, two medical researchers, about a survey known as the Community Childhood Hunger Identification Project, or CCHIP. Both Dr. Sidel and Dr. Dietz spoke very highly of the methodology of the survey, which is a more scientific measure than virtually any previous attempt to measure the incidence of hunger.

Just to briefly note some of the findings that have come out so far—and more findings will be released at the end of March—in Pontiac, MI, one of the sites, children in 28 percent of the low-income families surveyed were found to have been hungry at some point during the previous year. In Seattle, another site, 42 percent of the low-income families surveyed experienced hunger. At all the sites for which the data have been released to date, at least two-thirds of the families were either hungry or at risk of hunger because of shortages of food.

Based on the data collected to date, the researchers conducting the surveys have produced what they regard as a conservative esti-

mate that at least 3.5 million to 5 million children in our Nation are hungry, and that as many as 8 or 9 million are either hungry or at risk of hunger.

In their survey, they have also found that children who were hungry were at least twice as likely to suffer from such health problems as unwanted weight loss, fatigue, headaches, inability to concentrate, and frequent colds as children who did not experience hunger. And, of course, some of these health problems are associated with elevated rates of absenteeism at school.

What to do about this? Well, I would like to strongly recommend two steps: one, now that the chairman has introduced the bill, I would like to strongly urge its enactment this year. It was introduced last year. It had extremely broad bipartisan support. I know the ranking minority member was your cosponsor. Senator Boschitz, who was here then, was a cosponsor. A similar bill was introduced in the House. It got to the House floor in August. It passed by a 336-83 margin. A majority of both parties voted for it. But it then disappeared in the budget summit. I hope we can find a way to make the choices and set priorities so that it can be enacted this year. It has many important provisions in it, such as the provision to help poor families with children avoid having to choose between paying the rent and getting enough to eat. The provision would increase benefits for families whose housing costs exceed half their incomes, and would treat them the same as we already treat elderly and disabled people with high housing costs.

The legislation also reforms the food stamp program to strengthen incentives for absent fathers to pay child support and for single mothers to help track the absent fathers down. In addition it has a recommendation that President Reagan's own Task Force on Food Assistance made 7 years ago but that still hasn't been enacted, to deal with the fact that the vehicle limit we use in the food stamp program hasn't been changed in 14 years and is now barring from the program some recently unemployed families who are not well off. Overall, I think the legislation stands out for how well targeted it is. You know, the food stamp program serves one of the poorest populations of any Federal program; 93 percent of the households are poor, and nearly 60 percent of all food stamp benefits go to families with gross incomes below half of the poverty line.

Food stamps is also the Nation's leading child nutrition program. Eighty-three percent of all food stamp benefits—six out of every seven benefit dollars—go to families with children.

And lastly here, the food stamp program is the only Federal floor we have under poor children. If you are elderly or disabled, the Federal floor is the SSI program. But, of course, President Nixon's proposal many years ago for something similar for families with children did not pass, and the only Federal floor under poor families is the food stamp program.

I would make one last point on this front, and that is that during most of the high unemployment years in the early and mid-1980's, the Department of Agriculture was distributing between \$900 million and \$1.1 billion of surplus food to the needy every year. Now the surplus stocks are largely depleted. The Department is distributing \$230 million this year, although we are in a recession. This, I

think, underscores the need for legislation such as that which you are introducing today.

The second recommendation I have in this area is for a major expansion in the WIC program. As you know, this is one of the most effective of all Federal programs. The medical evaluations have found that it reduces infant mortality and low birthweight; it increases the head circumference of babies born to WIC mothers, which is likely to mean greater brain development; it increases the use of prenatal care; it reduces child anemia. And, interestingly enough, since the time I was here last year at your hearing on childhood hunger, two new studies indicate that WIC also saves substantial amounts of money in other Federal programs.

In October, the Agriculture Department issued a major study based on more than 100,000 birth records in five States, which found that every dollar spent in the WIC program for pregnant women produces medicaid savings of between \$1.77 and \$3.13 just in the first 60 days after birth. For each dollar in the prenatal component of WIC, some \$1.77 to \$3.13 is saved in medicaid.

Also in the fall, the National Bureau of Economic Research, chaired by Martin Feldstein, published an important report that found that children who were born with low birthweights are 49 percent more likely to be enrolled in special education classes than children born at normal birthweight. And the study found the Nation is spending \$370 million a year on special education for children whose handicaps or other limitations stem primarily from low birthweight. The single major impact of the WIC program is a pronounced reduction in low birthweight, and this means it is likely that it is probably reducing special education costs as well.

That being the case, I think we really should have as a national priority reaching all of those eligible in WIC. The Congressional Budget Office estimates 8.7 million women, infants, and children are now eligible. The program reaches 4.7 million, 54 percent of that group; 4 million are left out.

Now, last year the Congress appropriated an increase of about \$140 million over the baseline for WIC. This year's administration budget requests \$130 million over the baseline. Congress has exhibited outstanding leadership on this program, and this year, as you noted in your opening statement, the administration has also proposed something similar.

Yet I would argue that is not enough, especially given the new data on the medicaid cost savings. Under the administration's proposal, the proportion of eligibles reached would rise from 54 percent to 56 percent. I would urge by contrast that the Congress establish a national goal—given that we have these extraordinary results about WIC's effects in reducing infant mortality, low birthweight, and saving money in other programs. I would recommend there be a national goal that we reach all of those eligible in the WIC program in 5 years.

What would that entail for 1992? The CBO has done a 5-year path. For 1992 it is not enormous. It is \$250 million over the baseline. \$250 million is about one-tenth of 1 percent of the total amount of funds in the domestic discretionary cap for fiscal year 1992.

I would like to end by noting that dealing with problems of childhood hunger is only one of the areas where we need to address child poverty. There are some longer-range changes that are needed, but what I have tried to address in my testimony, given the budget caps and how little money there is under them, is some modest but important things you could do now. In the long run, of course, much more needs to be done.

I have a few recommendations. First, please try to protect the low-income discretionary programs, at least at the baseline. The baseline adjusts for inflation. The baseline does not adjust for increases in the number of poor people and poor children. Because unemployment is rising, the number of poor people and the number of poor children is rising as well. Even at the baseline, these programs will decline on a per-poor-child basis, because the number of poor children is going up. So we at least need, for starters, to put the programs at the baseline. And then I think we need to single out some key programs, particularly for poor children, to put above the baseline: Head Start, of course—there is little I can add to Marian Edelman's eloquence on that front. She mentioned health as well; child immunizations; the community health centers program which had long waiting lists even before the recession started and is very important for uninsured people; the National Health Service Corps, which has shrunk more than 60 percent since fiscal year 1980 in funding; the new infant mortality initiative the administration has proposed (but without cutting other health programs to pay for it); the WIC program, of course, as I have mentioned; and also I would particularly urge some additional funds for low-income housing.

Last year when I was here, I mentioned the census data showed that 45 percent of all poor renter households were paying at least 70 percent of income for housing. The latest data shows it is now up to 46 percent are paying at least 70 percent of income for housing, and that is before the recession hit. And we know from the census data that these figures get significantly worse during recessions. We are looking at homelessness going up, I am afraid, in the years ahead. The private low-rent housing market continues to shrink.

And we have a new housing bill with some good programs in it that the Congress and the administration worked out, like the HOME program where funds would be provided on a matching basis to State and local governments and nonprofits to address housing problems in low-income communities. Because of the matching requirement, this new program has the potential to stimulate greater State and local involvement in low-income housing. The administration is requesting a billion in budget authority for the HOME Program. This results in only about \$100 million in outlays in fiscal year 1992. We need to do that. We need to avoid mortgage prepayments and large scale displacement of poor tenants. That is in the administration's budget as well. They also have some important homeless initiatives that Secretary Kemp has proposed.

The problem there—it is a little like infant mortality—is that some of the money the administration proposes would come from cutting other very important low-income housing programs. At a time when nearly half of all the poor renters are paying at least 70

percent of income for housing, when we have 4 million fewer low-rent units than low-income renter households and homelessness continues to rise, we should not make those cuts.

Now, let me just say in conclusion that I have added up the discretionary proposals I have made for WIC and Head Start and housing and health, and also put the child care block grant at the full authorized level, as Marian also mentioned. And one can actually put those together for a little less than \$1 billion in outlays (above the baseline) in 1992. The discretionary cap is \$200 billion. That is half of 1 percent of the discretionary cap. It is a pittance of what we should be doing, but it seems to me we need to do at least that much this year.

Thank you.

Chairman SASSER. Well, thank you very much, Mr. Greenstein. [The prepared statement of Mr. Greenstein follows:]

TESTIMONY OF ROBERT GREENSTEIN
DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES

before the
SENATE BUDGET COMMITTEE

February 28, 1991

I appreciate the invitation to appear before the Committee today. I am Robert Greenstein, executive director of Center on Budget and Policy Priorities in Washington, D.C. The Center is a non-profit organization that conducts research and analysis on a range of public policy issues affecting low and moderate income Americans, with a particular focus on issues relating to poverty and hunger. The Center's work is funded primarily by foundations.

Prior to starting the Center, I served in USDA as Administrator of the Food and Nutrition Service in 1979 and 1980 and as Special Assistant to the Secretary for food and nutrition issues in 1977 and 1978.

Recent Trends in Child Poverty

Poverty remains at high levels in our country. In 1989, the seventh year of the economic recovery, the poverty rate was higher than in any year of the 1970s — including the deepest recession years of that decade.

The poverty trends for children are even more troubling. About 20 percent of all children were poor in 1989, a higher child poverty rate than in any year since 1965. Among minority children, poverty rates are about twice as high.

Over the past two decades, poverty rates have risen more sharply for children than for any other group.

Census data also show that both the number of white children and the number of black children who fall into the group that might be termed the "poorest of the poor" — those whose families have incomes below *half* of the poverty line — have grown particularly sharply. From 1979 to 1989, the number of white children falling into this category rose 36 percent. The number of black children in this category rose 52 percent.

It is also of note that despite a frequent media focus on the inner city, poverty has grown as fast in rural as in urban areas and is higher in rural than in metropolitan locations. In 1989, nearly one of every six Americans living in nonmetropolitan areas was poor, according to the Census data. About one in eight residents of metropolitan areas was poor.

Child Poverty At Home and Abroad

Important new research has been published in the past two years comparing child poverty rates in eight industrialized countries, including the U.S. An international team of distinguished researchers, including researchers from the Census Bureau, has conducted this work.

Their findings are unsettling. They show that of the eight nations in the study — Australia, Canada, Great Britain, Norway, Sweden, Switzerland, the U.S.,

and West Germany — the U.S. had the highest child poverty rate. By contrast, Canada's child poverty rate was only about half as high as ours.

The study also found the poverty rate just among *white* children in the U.S. was higher than the poverty rate for *all* children in every other country studied except Australia. And the researchers found that if the proportion of children living in single-parent families had been the same in all countries, the U.S. would still have a greater child poverty rate than all the other countries but Australia.

In publishing their initial findings in *Science* magazine, the U.S. researchers noted these results had implications for the quality of the future U.S. work force. They wrote: "...the poverty of our children today may affect our long-term competitiveness with other wealthy countries who tolerate much less child poverty than does the United States."

This statement is reminiscent of one of the conclusions of *Children in Need*, the landmark volume issued a few years ago by the corporate executives and educators who make up the Committee for Economic Development. That report declared:

"This nation cannot continue to compete and prosper in the global arena when more than one-fifth of our children live in poverty and a third grow up in ignorance. The nation can ill afford such an egregious waste of human resources. Allowing this to continue will not only impoverish these children, it will impoverish our nation — culturally, politically, economically."

The Economic Downturn and Increased Poverty

The poverty data I've just cited pertain to years of economic recovery. Unfortunately, the economy is now in a recession, which means that poverty is rising to higher levels. The historical data confirm that when unemployment climbs, poverty virtually always rises with it.

Hopefully, the recession will end by mid-year, although this is quite uncertain. But even if it does, unemployment — and poverty — will remain at elevated levels for some time. In conversations I've had recently, I've found many people misunderstand what it means for a recession to "end." The point at which a recession ends is the point at which the economy is at its lowest ebb, not the point at which the economy has fully or partially recovered. A recession is said to "end" when the economy hits bottom, stops contracting, and starts to grow again. Normally, this is when unemployment is highest.

The Administration's economic forecast bears this out. Under the Administration forecast, the average unemployment rate will be slightly *higher* in FY 1992 than in FY 1991. Moreover, the Administration forecast indicates it will not be until the second half of 1993 that the unemployment rate returns to the level at which it stands today.

This means still higher poverty rates among children for the next few years. This problem is aggravated further by the fact that the nation entered the current recession with a weaker unemployment insurance system than at any other time in

at least 35 years. Only one-third of the unemployed were receiving unemployment benefits in an average month prior to the onset of the recession.

Hunger Among Children

Not surprisingly, these high levels of poverty among children are accompanied by substantial levels of hunger. Various surveys of emergency food pantries and soup kitchens have shown increases in need. Most significant, however, are the findings from the Community Childhood Hunger Identification Project, or CCHIP.

The Senate Budget Committee heard about the CCHIP surveys last year at a hearing on February 20, 1990. At the hearing, both Dr. Victor Sidel of the Albert Einstein College of Medicine and Dr. William Dietz of Tufts Medical School discussed CCHIP and praised its survey methodology.

To date, CCHIP researchers have surveyed low income families with children under age 12 at sites in eight states. Results from four states have been released. I understand the results from three additional states will be released in late March.

CCHIP is unique because it employs a more scientific measure of hunger than previous hunger surveys. The hunger measure used in CCHIP consists of a series of questions about such issues as the resources available for a family to buy food, the adequacy of the food consumed by children and other family members, and whether the family runs out of money for food or cuts down on meals. As

an indication of the scientific validity of this measure, a number of these questions have now been incorporated into the National Health and Nutrition Examination Survey conducted by the National Center for Health Statistics. The CCHIP survey also collects data on the association between hunger and such factors as child health and school absenteeism.

The preliminary results from CCHIP are disturbing. In Pontiac, Michigan, children in 28 percent of the low income families surveyed were found to have been hungry at some point during the preceding 12 months. In Seattle, 42 percent of the families surveyed experienced hunger. At all sites for which the information has been released, two-thirds or more of the families were either hungry or at risk of hunger because of shortages of food.

Based on the data collected to date, the researchers conducting these surveys have produced what they regard as a conservative estimate that at least 3.5 million to five million U.S. children are hungry. They also estimate that as many as eight to nine million children are either hungry or at risk of hunger.

In all survey sites, hungry children were found to suffer from at least twice as many health problems such as unwanted weight loss, fatigue, headaches, irritability, inability to concentrate and frequent colds as children whose families did not experience hunger. Some of these health problems are associated with higher rates of school absenteeism.

Potential Policy Responses in 1991

Discussing possible policy responses that might be taken in 1991 is a challenging task: the problems of child poverty and hunger are large, while the resources likely to be made available this year to address these issues are modest. I believe it would be a mistake, however, to see this dilemma as one of having "more will than wallet." We have more national wealth than most or all of the other industrial countries that have much lower child poverty rates than we do. We have vastly more national wealth than Canada, although it has about half the child poverty rate we do. We are a nation unwilling to raise the necessary revenues and establish the necessary priorities among government programs to address these problems more adequately.

Addressing Childhood Hunger

I would strongly recommend two steps to address hunger problems among children: 1) enacting either the legislation introduced last year by Chairman Sasser, Senator Domenici, Senator Leahy, then-Senator Boschwitz, and other senators or quite similar legislation introduced by the chairman of the House Budget Committee and a bipartisan group of House members; and 2) establishing a goal to reach full funding for the WIC program in five years and taking the steps needed to attain that goal.

These steps both enjoy strong bipartisan support. For example, when Reps. Panetta and Emerson brought their hunger legislation to the floor last August, it

passed by a 336-83 margin. A majority of members of both parties supported it.
(The Democratic vote was unanimous.)

Similarly, more than 80 senators sent a letter last summer to the Senate Appropriations Committee asking the Committee to provide a substantial increase in WIC funding.

Legislation to Reduce Child Hunger

The legislation introduced last year by Chairman Sasser, Senator Domenici, and other senators contained five key elements:

- It helped poor families and children avoid having to choose between paying the rent and getting enough to eat, by raising food stamp benefits for families whose housing costs exceed half their incomes. The legislation raised benefits for these families to the levels already provided to elderly and disabled households whose housing costs exceed half their incomes.
- It raised basic food stamp benefit levels about two percent, since benefits in the last half of the fiscal year are now about two percent lower than what it costs to buy the foods in the federal government's lowest cost diet plan during those months.
- It reformed the food stamp program to strengthen incentives both for absent fathers to pay child support on behalf of poor children on food stamps and for single mothers to help track down these absent fathers and collect support from them. It did this by eliminating a provision of current food stamp law that is inconsistent with, and undermines, federal and state child support and welfare policies.
- It adopted a recommendation of President Reagan's Task Force on Food Assistance, which found that the limit on the value of a car that a food stamp household may own had not been adjusted since 1977, despite substantial increases in car values since that time. The Task Force found a significant number of needy, unemployed families were being denied food stamps as a result, and it recommended a modest increase in the vehicle limit. This recommendation is reflected in the Sasser-Domenici bill.

- The legislation also recommended substantial funding increases in the WIC program.

These provisions of this legislation are well-targeted. The food stamp program serves one of the poorest populations of any federal program. USDA data show that 93 percent of all food stamp households have gross incomes below the poverty line. Nearly two in every five such households have incomes below half the poverty line. These households receive nearly 60 percent of all food stamp benefits.

Moreover, the food stamp program is the nation's leading child nutrition program. USDA data show that almost 83 percent of all food stamp benefits — six food stamp dollars of every seven — go to families with children.

The food stamp program has another important attribute as well: it is the only federal "floor" below which poor children are not permitted to fall. For the elderly and disabled poor, the SSI program establishes a federal floor. But for poor children and their families, the only floor is that provided by the basic food stamp benefit level.

Passage of the legislation would also be very timely, especially now that we face recession and elevated levels of unemployment. During most of the high unemployment years of the 1980's, the federal government possessed large stocks of surplus food that it distributed to the needy. For five consecutive years, between \$900 million and \$1.1 billion of surplus food was distributed to the needy every year. Today, however, the surplus stocks are largely depleted. In both FY

1991 and FY 1992, USDA projects the amount of food distributed will total about \$230 million in value.¹

In addition, the largest provision in last year's Sasser-Domenici legislation — a provision to assist families whose housing costs exceed half their net income — could help to reduce the extent by which homelessness rises, a particular concern during a period when unemployment is mounting and the low rent housing stock continues to shrink. Last February, at a hearing before this Committee, I noted that Census data for 1985 showed that 45 percent of all poor renter households spent at least 70 percent of their incomes for housing. Since then, Census data for 1987 have been released; those data show little change. In 1987, some 46 percent of poor renters were paying at least 70 percent of income for housing.

We have examined these Census data going back for over a decade. The data indicate the shortage of affordable housing worsened considerably during the recession of the early 1980s, and then failed to improve during the ensuing economic recovery. Now that the economy has turned down, it is likely that as in the previous recession, the shortage of affordable housing will climb to new highs. The incidence of homelessness is likely to increase at the same time.

This makes it all the more imperative that we act to modify those features of the food stamp program that treat some of the money paid for rent by families

¹ This includes both food purchased by USDA for distribution to needy households and food from USDA surplus stocks.

with severe housing cost burdens as though the money were still available to the family for food purchases.

Expanding the WIC Program

The second area where I would recommend strong action to reduce child hunger is in expansion of WIC, the Special Supplemental Food Program for Women, Infants, and Children.

As you know, WIC is one of the most successful and effective of all federal programs. The national WIC evaluation conducted under contract with the U.S. Department of Agriculture, as well as data from the Centers for Disease Control and other medical studies, have found that WIC reduces infant mortality and low birthweight, is associated with increased head circumference in babies born to WIC mothers (which usually means greater brain development), increases use of prenatal care, reduces child anemia, and appears to be linked to improved cognitive development.

Two recent studies show that WIC has one other powerful attribute: it saves substantial amounts of money in other government programs.

In October 1990, the U.S. Department of Agriculture published a major study designed to determine whether enrollment of pregnant women in WIC generates savings in Medicaid costs during the first 60 days after birth. The study was based on an in-depth examination of more than 100,000 medical records in five states.

The results of the study are extremely impressive. Its principal findings are:

- WIC lowers Medicaid costs substantially. Every dollar invested in WIC for pregnant women produced Medicaid savings of between \$1.77 and \$3.13 during the first 60 days after birth.
- Medicaid costs were reduced \$277 to \$598 for each pregnant woman participating in WIC.
- WIC significantly increases birthweights and improves use of prenatal care. This finding corroborated the findings of a number of earlier studies.

In addition, research published last fall by the National Bureau of Economic Research indicates that WIC may also reduce special education costs. The study found that children born at low birthweight are, after controlling for other factors, 49 percent more likely to be enrolled in special education classes than children born at normal weight. The study estimated the nation spends \$370 million a year on special education for children whose handicaps or other limitations stem primarily from low birthweight. Since one of WIC's principal effects is to reduce low birthweight, this suggests WIC also reduces special education costs.

The impressive research findings concerning WIC stand out in two significant respects:

- They show both that WIC has substantial impact in achieving important goals such as reducing infant mortality and low birthweight and also that WIC significantly reduces costs in areas such as Medicaid. Very few programs accomplish both of these feats to the degree WIC does.
- The research findings do not come from a small number of pilot projects operated by exceptionally gifted administrators. They are based on tens of thousands of medical records from hospitals and WIC clinics in states across the country. They demonstrate that WIC achieves these results on a mass scale.

That being the case, I believe that expanding WIC to reach all of those eligible should be a national priority. Recent CBO estimates show that 8.7 million low income pregnant women, infants, and children are eligible for WIC in FY 1991. The program will reach 4.7 million of these individuals this year, or 54 percent of those eligible. The remaining four million women, infants, and children will be left out.

With a \$6 trillion dollar economy and a \$1.45 trillion federal budget, we ought to be able to fully fund WIC. Currently, WIC constitutes 0.2 percent of the federal budget. To fully fund it, the program would need to be 0.3 percent of the budget.

Last year, Congress provided an increase of \$139 million over the baseline for WIC. The Administration has requested an increase of \$129 million over the baseline for FY 1992. The Congress has demonstrated leadership and foresight in expanding WIC in recent years. I would also commend the Administration for its budget request in this area.

Yet I believe that these laudable actions are not sufficient. Under the Administration's projections, its request would enable the number of women, infants, and children served through WIC to rise from 4.7 million in FY 1991 to 4.9 million in FY 1992. The proportion of eligible individuals reached would rise from 54 percent to 56 percent. At this rate of increase, it would take nearly 15 years to reach full funding.

Accordingly, I would suggest that the Committee establish a goal that all of the eligible women, infants, and children who apply for WIC be served in five years, by FY 1996. The FY 1992 baseline for WIC is about \$2.45 billion. CBO projects that full funding in FY 1992 would require \$3.75 billion. This goal would give us five years to bridge that gap.

CBO has also estimated what the annual funding levels need to be to meet this five-year goal. For FY 1992, the WIC funding level would need to be \$2.7 billion, or about \$250 million over the baseline.

I know that budgetary resources are tight this year. But in both tax expenditures and in direct spending programs, much larger amounts are spent each year in areas where the impacts are quite uncertain. Can we not find \$250 million this year to reduce infant deaths and disabilities — and give children a greater chance of obtaining their full potential both as individuals and as productive workers — through greater investment in WIC? (Moreover, the \$250 million is a gross number, since some of these costs will be offset through savings in Medicaid and other programs.)

Other Actions to Reduce Child Poverty

The bulk of this testimony concerns child hunger, the area I was asked to address. But reducing child poverty will, of course, entail action on a number of other fronts as well.

In some areas, long-term policy changes are needed that are likely to be beyond the scope of this year's budget resolution. I'm thinking of such potential policy innovations as establishing a child support enforcement and insurance system (as recommended by Irwin Garfinkel and David Ellwood, among others) and converting the personal exemption for children into a refundable tax credit that is of greater value to low and moderate income families than the current personal exemption. In addition, we need to find a way to assure that all children have health insurance coverage and access to health care services.

But there are other areas that do relate to this year's budget resolution and to policy decisions Congress can make in 1991. The issue here is one of budget priorities. Can we make the hard choices to provide the resources for a series of modest, but important actions to alleviate child poverty?

I would certainly hope the answer is "yes." I would urge the Congress to find the resources for the following modest steps.

- First, protect low income discretionary programs at the baseline. Since poverty is rising due to the economic downturn, even this step is likely to result in some reduction in resources on a *per poor child* basis. The baseline reflects an adjustment for inflation, but not an adjustment to reflect increases in the number of poor people.
- Expand key early intervention programs for poor children that have a proven track record, such as Head Start. The Head Start program received a healthy increase last year, but has a long way to go. As with WIC, full funding of Head Start should be our goal. In addition, the new child care block grant program should be funded at the authorized level of \$825 million. (This is about \$65 million over the baseline level.)

- Provide increased funding for several key discretionary health programs that are particularly important to poor women and children, such as child immunizations, the community health centers program, and the National Health Service Corps. Also, I would recommend launching the Administration's infant mortality initiative, but without cutting the community health centers or maternal and child health programs at the same time.²
- Provide funding for several of the low income housing programs established by the new housing bill enacted last year. As noted, large numbers of poor households are paying extremely high percentages of income for housing. Moreover, this problem shows every sign of growing worse. The private market does not build much low income housing anymore, and the existing low income housing stock continues to shrink each year due to such factors as decay, abandonment, and condominium conversions. Census data show that in 1970, there were 1.5 million more low rent units than there were low income renter households. By 1987, there were 3.8 million fewer low rent units than low income renter households.

These problems are most severe for poor families with children. The Census data indicate their housing cost burdens are more severe than those of the poor elderly, for example.

Among the new housing programs, I would regard the most important as the HOME program, under which funds are provided on a matching basis to state and local governments and non-profit organizations to address low income housing problems in their communities. This program, which places an emphasis on rental assistance, holds promise of stimulating increased state and local involvement in the low income housing area. The Administration has requested \$1 billion in budget authority for this program in FY 1992. The outlay costs are \$105 million. Also essential is the Administration's request for funds to avoid mortgage prepayments and large-scale displacement of poor tenants. Without these funds, severe hardship and increased homelessness is very likely to occur. The Administration's proposals to revamp and expand programs for the homeless also merit serious consideration.

² Medicaid expansions to cover more low income children, such as proposed in S. 4., would also be desirable, as would other provisions in S.4. aimed at improving services for disadvantaged children. These items are not discussed in this testimony because it is assumed they will be addressed within the Finance Committee, rather than through the budget resolution.

I would urge, however, that the funds for these housing programs not be found by cutting deeply into other low income housing programs. With a shortage of nearly four million low rent units, nearly half of all poor renters paying at least 70 percent of income for housing, and continued growth in the ranks of the homeless, we should be avoiding reductions in this area.

As noted, this is a modest list and does not attempt to be inclusive. The total for these recommendations for low income discretionary programs — including the WIC recommendation — is less than \$1 billion in outlays above the baseline. An increase of this magnitude would consume less than one half of one percent of the outlays permitted for domestic discretionary programs in FY 1992 under the new spending ceilings.

Mr. Chairman, that concludes my testimony. Let me again express my appreciation for the opportunity to discuss these issues with you today.

Chairman SASSER. I might say that Mr. James Weill, counsel for the Children's Defense Fund, will answer some questions for Ms. Edelman.

Mr. Greenstein, a recent article in the morning newspaper here in Washington, the Post, contrasted funding of programs for the elderly with funding for children's programs, and this Post article noted that children in the United States are nearly twice as likely to be poor as senior citizens. The article went on to observe, and I will quote from it here, "No other country has so large an age bias to its poverty rates, nor so wide an age tilt in its allocation of resources."

Of course, we all know that this is in large part due to our strong social security system and other programs for the elderly, including medicare. It is because of these government programs that our elderly do not live in poverty. Frankly—I am old enough, believe it or not, to remember when elderly folks did live in poverty and I saw a lot of it when I was a child growing up. But now, 82 percent of the elderly who would be poor, if there were no such thing as social security, medicare, et cetera, have been lifted out of poverty because of these programs. But the same is true of only 32 percent of our children.

Now, I am not suggesting that we cut out social security or transfer these funds to children, I do not think we ought to do that. It would be impossible to do it, even if I did believe that, and if we tried to do it, we would just push the elderly back into poverty again.

This is a very difficult problem to solve, how do we insure some basic standard of living for the children here in this country? Some say, well, we ought to keep the families together. Well, we all agree with that. That is the popular answer, but you have got to be realistic about it. Families are not staying together. The social structure of this country has changed dramatically over the past few decades.

When I was growing up, you had a father and a mother and the father got out and made the living and the mother stayed home and tried to take care of the kids. Because of a lot of social and economic changes that have occurred, that does not happen as much as it used to, and you have got so many, many single-parent households as a result of divorce and other things.

What I am coming around to, Mr. Greenstein, is you have mentioned in the past establishing a child support enforcement and insurance system. I am intrigued by that. How would this system work? Would you describe it to us this morning?

Mr. Greenstein. Let me just say, also following up on your remarks, that the international comparison that I mentioned that showed the United States at a higher poverty rate than the other seven countries in the study is known as the Luxembourg Income Study. It also looked at the elderly, and there the United States was not the worst. We were more in the middle, and one of the big distinctions between the United States and other countries in this study was that our social support system for the elderly was more comparable to that in other countries, while for children it was much weaker.

The child support insurance idea was originally developed primarily by Irwin Garfinkel, who is now at Columbia. David Ellwood has also worked on this at Harvard. It really has two pieces to it: On the one hand, very tough actions, building on what we did in the Family Support Act but going beyond that, to establish paternity in more cases, to establish child support awards against more absent fathers, and to collect more child support than we now collect.

The other side of the coin is to make this an insurance program, like social security or unemployment insurance is. In other words, if the mother cooperates, the father is tracked down, and an award is established—but if the father's child support payment is below a designated minimum insurance level—then the government pays the difference between the amount the father pays and the insurance level.

So, if we find the father, we track him down and he pays the child support, there is a minimum level of child support that a family gets. David Ellwood often notes that 30 or 40 years ago, the principal source of insecurity in America was growing old, and today it is growing up in a single-parent family.

Now, what I have just described may sound expensive, but under some of the cost estimates it is not, for two reasons: Number one, if it works, you collect a lot more child support; and, number two, what you do is you move a lot of these families or some of these families off of welfare and onto the child support system, instead. Once you do that, you tax their earnings at the normal rate. So, instead of the family losing a dollar for each additional dollar it earns, as the family does when it is on welfare, the family is taxed at normal tax rates. This is designed to encourage work, as well.

There is sort of a partial pilot test, only partial, going on in New York now, there are actually discussions going on in—

Chairman SASSER. Excuse me. How long has that pilot program been going on?

Mr. GREENSTEIN. About a year. The results are not in yet. That pilot is only for AFDC families, so it is limited. The broader concept covers all families. There are discussions now going on in Washington D.C. involving some researchers, including one meeting that Doug Besharov chaired a couple of weeks ago that I attended at the Urban Institute, where a number of us from varying perspectives on other issues talked about how such a system might work and whether a demonstration project might be fashioned to get more answers on how it might work.

This is not something that can look to happen overnight, but it is one of the new ideas that we can look to for the future. It is not the only one. There are other things we might do, too. For example, I would also suggest, as I mention in my testimony briefly, we consider converting the personal exemption in the tax code for children into a refundable tax credit. By virtue of doing that, it would be worth more to poor families and moderate-income families, although not to upper-income families. Under the current personal exemption, the higher your income bracket, the more the exemption is worth. Such a change also could be helpful in reducing child poverty.

Chairman SASSER. Thank you, Mr. Greenstein. Let me ask one more question, and then I want to defer to Senator Sanford.

Mr. Greenstein, you were talking about the problems of the recession and how that affects children. Given the budget constraints, what do you believe is the best approach that we can take to ease the problems that children face because of the recession?

Mr. GREENSTEIN. I think this is a very important question. I think there are two aspects to it. One, which I tried to cover in my testimony, is to protect low-income programs at baseline and make room for some of these initiatives.

Given the fact that we have so much less surplus food to distribute than in the previous recession, I also think that the onset of the recession makes the passage of your hunger bill even more timely.

The other thing I would like to recommend—frankly, Mr. Chairman, I am a little surprised there has not been more discussion of it in recent weeks—is that Congress begin thinking about an anti-recession package.

Now, let me quickly say I am not an advocate of using the recession to waive the budget ceilings and to throw everything out. I am not suggesting that. I think that could cause some serious problems.

However, I do think that it may be appropriate, as a middle ground, to consider a modest package carefully designed with poor families with children in mind, and if you cannot otherwise fully finance it, to use the emergency designation.

Let me give you an example:

In every other previous recession in recent decades, the Federal Government has provided supplemental unemployment insurance benefits to long-term unemployed people whose benefits have run out and who are still looking for work.

We did that when President Reagan was President and the Republican Party was the majority in the Senate, from 1982 through 1985. We did it in previous recessions when we had a stronger unemployment insurance system.

Were we to do it now, we might be able to pay for it in fiscal 1992 and 1993. But since the fiscal year 1991 is half-way over, you cannot put in entitlement cuts or tax increases in time to pick up the money this year. Yet, we are heading towards a peak of unemployment around June or July, perhaps.

This seems to me to be an appropriate use of the emergency designation, to put together something like some supplemental benefits along with some key increments in other key programs, particularly for unemployed families with children who become poor. Some of the discretionary programs for the poor are under strain and cannot with their current funding levels, accommodate the increased numbers of people who become eligible during an economic downturn.

Chairman SASSER. Thank you, Mr. Greenstein.

I am going to turn now to Senator Sanford for any question he might have.

Senator SANFORD. Thank you very much, Mr. Chairman.

Mr. Besharov, I was bothered a little bit by your testimony. I have done a lot of work since I have been in the Senate trying to

require an honest budget, so the public will know just what we are spending and just what we are wasting. I am preparing legislation now that will pick up the concept of the Grace Commission and require the GAO to give us an annual report on what has been done, with an updated set of suggestions for the elimination of waste and the improvement of efficiency.

So, we are concerned in the Senate and in Congress with this problem of controlling waste, and, we of course, appreciate your testimony to that effect. I am a little bit bothered by your testimony and I would like to ask you some specific questions.

The Chairman called this hearing to talk about how to save children, and your testimony seems to me to be almost exclusively on how to save dollars. That is not really what we need to decide. It is great to save dollars, as you say, save them for whatever, Patriot missiles or whatever. Of course, we are interested in saving dollars, but we are interested in your views and the American Enterprise Institute's views on what you think of the Head Start program and what should we do about it and the President's promise to support it.

Mr. BESHAROV. I feel from your question that my testimony was not as clear as it should have been, so I will try it again in about 30 seconds.

When my children say they want to buy two things and they only have enough money in their allowance to buy one thing, they come to me and ask for a raise in their allowance, and I am a softy and sometimes I give it to them, but at some point I say, "You have to make a choice."

Senator, with all due respect, I sat here and listened to people on both sides of me on how to spend a lot of money for children. Now, you said to me that I came here to say do not spend money, to save money. Well, as I understand the way this budget works, every penny you save in one place you can use some place else.

So, with all due respect, I think what I was trying to say was, if this is a problem—and you could challenge me on whether my description of the foster care spending is a problem—if it is a problem, fix it and use the money for Head Start. Fix it and use the money some place else. You know that is what would happen with it. This is domestic money; it is not going to go to defense, it is not going to disappear any place else; it will be spent. It will give the Bob Greensteins of the world and the Marian Wright Edelmans of the world more money to spend.

So, I think what I was trying to say in my testimony was: I know it is not easy, but at some point we have to start talking about how the growth of these programs can be cut back.

Senator SANFORD. I do not want to keep getting you off the subject. I appreciate that point, but do you really think Marian Edelman is playing with money?

Mr. BESHAROV. I will not answer that kind of question, sir. If you want me to ask you—

Senator SANFORD. I just used your expression, because I think this is more serious than that.

Mr. BESHAROV. I do not have a response to that, sir.

Senator SANFORD. All right. What is your judgment about the effectiveness and the efficiency of using the money for Head Start?

Mr. BESHAROV. I am happy to say that I may be the only Head Start parent in the room. My son some 15 years ago went to a Head Start Program. I thought the program was good for my son and I think it is good for most poor children in this country.

At the same time, every piece of research we have shows that the effects of the Head Start Program—Head Start, now, not 137 children in something called the Perry Preschool—the Head Start Program's effects wear off in 2 years.

I have written, I have published extensive work recommending an increase in the Head Start Program. I do, however, think that the Head Start Program should be made relevant to 1990 and not to 1965, which means, rather than extending the number of children, that we should make Head Start full-time and full-year, so that Head Start mothers can work, if they want to. That is very important.

In most communities, local agencies are scurrying for title XX money, for JOBS money, for what are called wraparound programs on Head Start, so that the Head Start Program can go for longer than 9 to 1 o'clock, so that it can go from 8 in the morning until 5 or 6 in the afternoon, so that the mothers can work.

Forty percent of Head Start mothers do not work, and part of that is because, as Senator Sasser said, the Head Start Program is organized along concepts of the past. This is 1990, many Head Start mothers would like to work, if it was a full-day program. So, I certainly would be supportive of expanding it and spending more money.

What I was trying to say was that somebody has to find the money to pay for it under this budget agreement, and the foster care program is one place you might look.

Senator SANFORD. Are you an economist?

Mr. BESHAROV. No, sir.

Senator SANFORD. Well, I was going to ask you, if you were an economist, about saving money, but I will skip that question. Let me just follow up to ask: How much do you think the kind of Head Start Program that you are talking about would cost in additional funds?

Mr. BESHAROV. I have looked into that, sir, and to make Head Start full-day would cost about 40 percent more, and to make it full-year would cost 40 percent on top of that.

Senator SANFORD. What if you made it full-coverage of all of the children that need it?

Mr. BESHAROV. In some States, it is already covering all eligible 4-year-olds; 5-year-olds in most States are in kindergarten; the question is whether we should substantially expand Head Start to cover 3-year-olds, and there are some technical problems with that, because of their age.

Senator SANFORD. I would agree with that, but the best statistics that I can find is that we are covering slightly more than 20 percent who are out there now qualified to attend Head Start. We are missing about 78 percent.

Mr. BESHAROV. I think that is a figure—and Jim here can correct me, if I am wrong—that is a figure that uses all eligible children in the program and includes 3-year-olds and 5-year-olds.

Mr. WEILL. It includes 3-year-olds and those eligible 5-year-olds who are not in kindergarten, which is I believe about 30 percent of 5-year-olds.

Mr. BESHAROV. I believe it is the case, Senator, that 40 percent of all children who at any one time are eligible for Head Start spend 1 year in Head Start.

Senator SANFORD. Well, what about the other 60 percent?

Mr. BESHAROV. I just said I would be very supportive if you made it a program where the mothers could work. When you have about \$1.2 billion going into the child care block grant that was just passed by the Congress, that money could have gone to Head Start. It did not. That is a similar program.

Senator SANFORD. What about the general child care that really goes beyond the Head Start age, you do not mean we should take child care block grant funds and spend this for Head Start?

Mr. BESHAROV. I think that there are many places even in the child care program where you could do better targeting. For example, within the child care program is something called the child care feeding program. It is one of the fastest growing programs in the budget, it is now I think \$1.2 billion and rising rapidly.

There are two parts of that program. One part of that program goes to child care centers and it is very well targeted to low-income children. The other part of that program goes to family day-care centers, and I believe the figure is that 80 percent of the funds in that part of the child care program go to families earning more than 180 percent of the poverty line. That is a poorly targeted program and it could be better targeted.

Senator SANFORD. Unfortunately, my time has expired but I may get a chance to come back and talk about WIC and maternal care and homeless children and Food Stamps and various other programs, because obviously we have got a problem of considerable magnitude that has to be confronted in some other way than we are now confronting it.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Sanford.
Senator Domenici.

OPENING STATEMENT OF SENATOR DOMENICI

Senator DOMENICI. Mr. Chairman, first, I want to state to you, and for the record, that I had expected at least one of my colleagues on this side to be here earlier and relieve me. As I just discussed with you, I had two other hearings to attend this morning. One in the Energy Committee, where we have the CAFE standards. This is an issue of significant magnitude. So, I got here late. I appreciate your permitting me to make just a couple of observations. I am not at all sure that I will even burden you all with questions.

I would like to make just a couple of observations. First, with reference to the budget agreement, I think it is fair that witnesses would come before us and say, if they did, that it is not a very good budget agreement. That is their prerogative. But I would remind everyone that the budget agreement that we entered into is very bipartisan at this point. That does not mean that every Senator was for it. It was very bipartisan on the House side in its eventual

passage, and, if anything, it has more Democratic support than Republican.

I do not think this is a partisan issue. I would like to get it out of that arena and make sure that everybody understands that there is a general unanimity that we have to reduce the cost of government and get ourselves into some fiscal sanity 4 or 5 years out. If we do not, we may have risked everything, not just new programs for the children of our country, but the whole American economy and its potential to grow and prosper.

I also would like to tell you why we are all concerned about the American economy; because indeed it is a marvelous mechanism for raising people out of poverty and into opportunity.

Now, there are many who say it is not, and there are many who would like to say it is the government who raises them out of poverty. But that is not the case. That it hardly ever works and it costs more than it has to. For the most part, it is a growing American economy, and, I guess I could add, a relevant American educational system that helps most people out of poverty.

Having said that, the budget agreement permits a 6.1 percent growth in discretionary accounts for the next fiscal year 1992.

Frankly, I want to compliment the President of the United States because, after he entered into this budget agreement with a cap of \$210 billion for domestic discretionary programs, he made many choices. The agreement said \$210 billion is all you can spend. The President went through the budget and said, "I want to increase a lot of programs, but I cannot unless I decrease or eliminate a lot of other programs." Mr. Chairman, that is what we are going to have to do in 1992.

As we prepare the budget, we are going to do one of three things: We are going to let everything kind of go up a little bit, or we are going to pick and choose and let some go up substantially more and take it away from others, or we are going to eliminate some of the 2,600 domestic programs—and we have eliminated only 3 in 11 years that I am aware of—and spend money on programs that are more deserving. That is my first point.

My second point is today I am sure we heard the first shot of what will probably be a continuing salvo on defense vs. domestic spending. And again, I am not critical, I just think we ought to know the issue, which seems to be that, if we can win over there in Saudi Arabia, why can we not win here? You can count on the fact that we are going to hear this argument for every single American problem that is around. And I would like to say I hope we can do better here at home, too.

I also believe we did things over there that were predicated upon our national security and we used some very smart technology. I never would equate national security with human problems, but I submit that we have some programs in the Federal Government that are not very smart. We think they are supposed to help people, but frequently they do not; frequently they miss the target and we never do much about it.

Having said that, let me suggest—and I will put it in the record, and I submit to those members of the media who are interested in details that the President prepared a well thought out children's portion of his budget. And while it will never be enough, and there

will be plenty of good advocates who will say it is not enough, it shows a rather dramatic increase over other programs in the Federal budget, particularly for programs aimed at the poor children in this country.

I do not want to burden the record with numbers, but let me tell you: for those who are saying let us do more, I say why do you not start with the President's budget request and agree that you have got to reduce some programs to pay for increases in others? Now, if you do not want to do that, and the idea is spend more overall, you have got to break the budget agreement. Frankly, I do not believe that is going to happen for a while.

For my own self, as a Senator, I think the Food Stamp Program and Child Nutrition Program need additional resources. But I also think they need to be modified in the process. There are some portions of these programs that really do not work and need to be reformed.

I am willing to do that. And if it costs more money when we make reforms, I would go through and recommend where we should cut and reduce the programs. But just to say we are for increases, and not be willing to say what we would change or reduce in this budget, to me is a commitment to wanting to spend more but not wanting to live by the targets in the budget proposal for the next 4 years. Frankly, Mr. Chairman, I think we are going to do the latter, we are going to live within the budget agreement, at least for a couple of years.

Again, I do not want to make any excuses for defense or for spending money overseas. But I would also remind everyone that probably, once this war is over and the accounts are all adjusted, we are going to hear a hue and cry that we spent a lot of money over there so why can we not spend alot of money here. I believe the incremental cost of the war is going to be very small. I am not one who thinks our allies are not going to pay for it. They are going to pay their share. I cannot imagine Japan not paying. People here will stop buying their cars if they do not pay, so they are going to pay.

I do not think we are going to take much more out of defense than this budget agreement says we are supposed to. Once the war is over, defense spending comes down dramatically. It will be reduced about 20 percent in 4 years, bringing it to the lowest level in 50 years. I do not think it is going to come down any more than that.

I think we can do more in domestic areas. But we ought to find out how to do it better and we ought to find out what we are going to cut. But, most important, we had better get the American economy growing. And I stress that. As a generic problem, we ought to get on with education in some very significant way, to move along with the economic growth.

I would like to put a chart in the record on the President's program for children, just an example of what he has proposed.

Thank you, Mr. Chairman.

[The chart referred to follows:]

PRESIDENT'S REQUEST FOR CHILDREN'S PROGRAMS

(in millions of dollars)

	<u>DOLLARS</u>				<u>PERCENT</u>
	<u>CHANGE</u>				
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>91-92</u>	<u>91-92</u>
NUTRITION					
WIC	2,126	2,350	2,573	223	9.5
Child Nutrition	4,887	5,577	6,066	489	8.8
Other Nutrition	7,985	9,138	9,825	687	7.5
SUBTOTAL, NUTRITION	14,998	17,065	18,464	1,399	8.2
HEALTH					
Infant Mortality	0.0	34	139	105	308.8
Medicaid	8,200	10,300	12,000	1,700	16.5
Maternal and Child Health	554	554	554	0	0.0
Community Health Centers	227	238	238	0	0.0
Immunizations	187	218	258	40	18.3
Other Health	222	264	266	2	0.8
SUBTOTAL, HEALTH	9,390	11,608	13,455	1,847	15.9
ED & SOCIAL SERVICES					
Head Start	1,552	1,952	2,052	100	5.1
Handicapped Education	2,055	2,467	2,730	263	10.7
Chapter One	5,368	6,225	6,424	199	3.2
Educational Excellence	0.0	0.0	490	490	N/A
Math and Science	333	515	661	146	28.3
Child Care BG	0.0	732	732	0	N/A
Foster Care	1,375	2,611	2,309	(302)	-11.6
Social Security	8,375	9,048	9,716	668	7.4
Supp Sec Income	1,261	3,531	2,497	(1,034)	-29.3
AFDC/Child Support	12,165	14,008	15,162	1,154	8.2
Other Ed/Soc Svcs	2,453	2,642	2,186	(456)	-17.3
SUBTOTAL, ED/SOC SVCS	34,937	43,731	44,959	1,228	2.8
REFUNDABLE TAX CREDIT	6,287	6,941	9,973	3,032	43.7
TOTAL CHILDREN'S	65,612	79,345	86,851	7,506	9.5

Chairman SASSER. Thank you, Senator Domenici.

Mr. Greenstein, as you know, my native State of Tennessee was the first to implement a competitive bidding system for WIC for infant formula purchases, and the Tennessee model has since been used all across the country, resulting in infant formula rebates that have been very, very effective.

Do you believe competitive bidding systems should be expanded to include cereals, juice and other WIC items? Would that be useful in stretching our WIC dollars a little further?

Mr. GREENSTEIN. I think we need to look at it carefully. I think it is probably more difficult to do for something like juice. The State of Texas, I believe, is now doing competitive bidding for infant cereals in the WIC program. I think wherever possible, wherever we can achieve more savings in that manner, we should do it.

I would note that none of the other areas have remotely the potential for savings that the infant formula area does, and I would also note, without going into detail, that there are some actions that have been taken in the past year by the infant formula companies that threaten to reduce those savings. The administration's budget forecasts that 50,000 fewer women and infant children will be served with cost containment savings next year than this year. In fact, a modest portion of the increase the administration recommends in funding for WIC will actually go to replace some of the loss in the cost containment savings.

Mr. Chairman, if I might have your indulgence, I wonder if I might comment for just a minute on Senator Domenici's remarks. I just wanted to say to Senator Domenici that a number of us share the view that the bottom line here is that tough choices need to be made. Earlier in the hearing, when we were talking about the recession, I noted—and we have recently published something on this—that we are opposed to the idea of using the recession to trigger a waiver of all of the various budget ceilings and rules.

I did make some critical remarks about the agreement, but only in relation to their rigidity. It does seem to me—and I know this is not going to change, I am not campaigning for it to change—it does seem to me that if one can cut an entitlement or raise a tax in order to cut a tax or increase an entitlement benefit, it is too bad one could not do that on the discretionary side, if the overall bottom line deficit numbers stayed the same.

Given that one can't, I think what this testimony says, and what I have been saying in talks around town to groups that work on domestic policy, is that there groups cannot simply say take it out of defense or raise taxes. They need to begin to identify other areas in the domestic discretionary pot that are of lower priority, that can be reduced accordingly.

That I think is the bottom line. As you say, the choice is between keeping everything where it is now and having no room for initiatives or making choices. I think the recommendation that I would advance is, indeed, that we do need to make choices and we need to do more than the President did, because he did cut some children's programs to get some of the money for others. In fact, he cut deeply into some low-income programs that are important to families with children, like energy assistance. So, some of us would like

to go further in other areas within that cap to free up more money to meet some of these needs.

Senator DOMENICI. Mr. Chairman, my remarks were not aimed at Bob. He has not been saying that we ought to break the cap to take care of things. He has been saying just what others have suggested that we should do, and there is not enough money in here for it.

I might also tell him, with your permission, Mr. Chairman, the issue you raised on appropriated accounts and taxes, raising taxes was debated at length in the summit and the decision was no, but yes on entitlements. You make good sense on that.

Chairman SASSER. Mr. Greenstein, you indicated that we are not going to continue to get the savings in the infant formula competitive bidding program that we have gotten in the past, because of actions on the part of the infant formula companies. What kind of actions?

Mr. GREENSTEIN. Let me first say, to clarify, we are getting half a billion dollars a year in savings. We are serving 800,000 or 900,000 additional people with them. It is projected to go down 50,000. It is still a remarkable accomplishment.

There was a Senate Antitrust Subcommittee hearing on this issue last May. Last spring, the three largest infant formula companies took some troubling actions. While there is no evidence they went in a smoke-filled room and colluded, there is strong evidence that they publicly signaled each other to all bring their bids up—in other words, to bring the rebate savings down.

As a result of evidence that we and a number of States presented on this score last spring, the Federal Trade Commission is now conducting a full-scale investigation of the matter. There are also investigations under way by several State attorney general's offices. The Florida Attorney General's Office filed suit against the companies in the past month. I think the major issue here is the Federal Trade Commission investigation.

I also understand, on March 14th, there will be a joint hearing of the Antitrust Subcommittee and the Senate Agriculture Committee on precisely the issue you have asked about. I think we are all looking forward to hearing more evidence as to what the latest developments are.

Chairman SASSER. Senator Sanford?

Senator SANFORD. Mr. Chairman, I am sorry that our distinguished ranking minority member has left, because I wanted to make the point that I am not part of the bipartisan support of the budget 5-year package. I thought it was a cop-out. I thought it was possibly a fraud, certainly a deceit, because the President, it seemed to me, made a great to-do about the fact that we were taking, over 5 years, almost \$500 billion out of the deficits, but failed to mention and failed to report forthrightly in the budget that we will add more than \$1.5 trillion to the debt during that 5 years.

So, when we get through this 5-year package, we will come awfully close to having a national debt that is equal to the gross national product. We are simply putting off the time when we must deal with our debt.

For our discussion this morning, Mr. Chairman, if I may, let me ask Mr. Weill if he is acquainted with the President's program suggestion for the children's budget?

Mr. WEILL. Senator Sanford, if you are referring to the children's budget material that Senator Domenici put in the record, that was basically a list of programs and a description of what was happening to them. OMB selected them in part because the aggregate numbers went up more than inflation, and they were trying to show how good the budget was to children.

Senator SANFORD. What I asked you is if you were familiar with it.

Mr. WEILL. Yes.

Senator SANFORD. I would like you to comment on it, as to where it is adequate and where it is inadequate.

Mr. WEILL. There are a lot of children's programs that were not on that list at all, because they were reduced or not increased by as much as inflation, and if those programs were added in, the chart would look very different.

The reason that the chart showed the aggregate going up was because two or three very large programs, medicaid and the earned income tax credit, in particular, are increasing for more than inflation, because of decisions that Congress made last year, with or without the administration's help, and those programs are going up.

Overall, the President's budget is not a kinder and gentler budget for children, and the President's chart simply rides on the back of what Congress itself did last year.

Senator SANFORD. Have you prepared an analysis of the President's children's budget?

Mr. WEILL. Yes, we have done an analysis of the budget. I would be glad to provide a copy, Senator.

Senator SANFORD. I think the members of the Budget Committee would like to have that, if we may.

Mr. WEILL. We are circulating it.

Senator SANFORD. Mr. Besharov, would you like to comment on the President's children's budget?

Mr. BESHAROV. Only to reaffirm the fact that there are major choices that have to be made within the budget agreement. I would note, though, that it is tricky to compare the increases this year that are proposed with what happened last year and 5 years out. There were major expansions last year. Head Start I think received \$500 million more. The discussion today would be very different if the President had said \$300 million last year and \$300 million this year. We would not be saying, well, it is only \$100 million this year.

All I would say is that we would all like to see more money being spent on disadvantaged children, wisely spent, and I think the President does, too. But in looking at these comparisons, Senator, I hope people will look at what is happening over a 5- or 7-year period of time, because that is really how the budget tradeoffs are being made.

Senator SANFORD. I think you are right about that, of course, but saying it or doing it, it is far easier to say it, and so often we

simply say it and do not get down to how to put that into effect, how we apply these savings.

Thank you very much. I appreciate that point.

Mr. Greenstein, do you care to comment on the President's proposal?

Mr. GREENSTEIN. Senator Sanford, we have also completed an analysis. It looks at low-income programs in general, many of which, but not all of which, are for children. The analysis is at the printer now. It will be back tomorrow and we will get it to you.

One of the things it finds is that if you take all of the low-income discretionary programs in the budget as a group, you find the President proposes \$1.8 billion below the baseline for them, a \$1.8 billion reduction in real terms. Jim Weill is correct that some of the increases that are claimed in the budget are not increases, they are current law, having been included in the changes enacted by the Congress in the budget agreement in October. So, if you take the decisions that were open to the administration in the discretionary area, for every new dollar in the infant mortality initiative or the WIC program, there is more than a dollar that is cut elsewhere from another low income program, whether it is cut from energy assistance or community health centers or wherever.

Of course, by the same token, there is an increase of \$1 to \$2 billion above the baseline for space, and it seems to me that we need to not put as much into space, and to free up some of the discretionary money for the poor children and families that we are talking about here this morning.

Senator SANFORD. Mr. Chairman, I certainly appreciate the opportunity to be here this morning. I think this has been a very excellent presentation and I want to thank all three members of the panel for what I know sometimes is not fully appreciated, the amount of time and energy that it takes to come and appear before a committee, but it is helpful and it is appreciated and I do thank all of you.

Chairman SASSER. Thank you very much, Senator Sanford.

We have been joined by Senator Dodd and I am going to leave in just a moment myself and turn the committee over to Senator Dodd, and I am sure he will perform admirably, as he always has. In fact, some might say the committee would do better if I turned it over to Senator Dodd on a permanent basis.

I am pleased to hear Senator Sanford concurs on that. Thank you very much, Senator. You must know I am going to be around for a while.

Let me ask you a question, Mr. Besharov. You were critical of foster care. How would you fix it? In other words, we are interesting in fixing programs. I am interested in saving money where I can. I am interested in spending these dollars for children as cost efficiently as possible.

Should we deny foster care payments to children that are living with their relatives?

Mr. BESHAROV. No. I think what we have to do, though—Senator Sanford asked me whether I was an economist, so I have to plead guilty now to being a lawyer. The reason these payments—

Chairman SASSER. That is an even greater—speaking as a former lawyer myself, that is an ever greater crime around here, I think, than being an economist. But go ahead.

Mr. BESHAROV. This kinship care business comes from some lawsuits that were filed by lawyers who claimed that there was an equal protection problem in sending children to their relatives and only giving the relatives AFDC payments instead of foster care payments. And the tricky part here is that Congress has never had a chance to legislate on this issue. My sense is that if the Congress had this issue before it, it would have said relatives are not quite stranger foster parents, but they are not quite regular relatives for this program; and the Congress would have legislated some middle ground.

I didn't have a chance to talk about the evils involved, but I do want to mention one. It came up at a hearing that Senator Dodd chaired in New York about crack babies. I testified there about the first beginning of the major increase in the number of children in foster care. At that hearing, there was—I think it was a grandmother who was complaining about the problems of getting payment from the city for foster care payments for her grandchild. And, Senator, if you remember, she had been forced to move from her rent-controlled apartment that she had been very happy in to another apartment to meet the foster care standards for the city. She said, the city now wants to take my grandchild away and give it back to the mother, and I won't have money to pay for this larger apartment, and my rent-controlled apartment is gone.

So, Senator Sasser, I think if this issue came before the Congress, you all would have said that there is a special status being a relative to a child who must be removed from his or her parents, and there have to be special procedures that protect both that relationship and the financial interest there, but also that protect the taxpayers' purse. This is tricky because this is under the baseline, and half of this is an entitlement program, half of it is in Senator Dodd's subcommittee. And so neither the two meet on this.

I would see legislation that tried to provide one uniform child welfare program from the Federal Government to the States, get the rules settled, get the incentives correct, so that there is someone responsible for this program in the Federal Government and, frankly, one congressional committee, somebody, one person responsible in HHS, so that we could have some much better data about what is happening out there.

The data I have provided you is State-based data because there are no Federal numbers in this program.

Chairman SASSER. Would you like to comment on that, Mr. Weill?

Mr. WEILL. I would, Senator. A couple of points.

Certainly the program can be improved, but Mr. Besharov earlier was suggesting wiping it off the books and using the money for other things. These are the neediest children in our society. They are the abused and neglected children, and we need to make the program better. We can emphasize prevention and family preservation more, and there are ways to make the program better and coordinate services better. But doing so is not going to save money in the short run. It may save money in the middle run.

Mr. Besharov's information on relatives is only, I believe, partially correct. The court decisions were interpreting Federal statutes, not the equal protection clause, and there are reasons why relatives are receiving foster care payments—not for all children in their care. You have to understand there are hoops that children have to go through to get into the foster care program. They have to be abused; they have to be neglected. You do not get into the program by reading a sign on an elevator in a housing project, a mythical sign. You get into the program if you have been abused or neglected and a court determines that the placement with a relative is the best placement for you.

If a social worker makes a bad decision about moving a grandmother in New York, that is a tragedy. But that is not a problem with the statute. That is not a core problem in the program. The things we need to improve in the program would emphasize family preservation more rather than throwing relatives out of the program.

Mr. BESHAROV. I just want to apologize. If it sounded as if I was saying to terminate the program, I certainly did not mean that. What I was trying to point out was the fiscal year 1991 budget figure for just the IV-E program is \$1.8 billion. With no change in the law, CBO is projecting that that program will cost \$4.6 billion in 1996. My own projection is that it is going to be closer to \$10 billion. What I was trying to say was that we should get a hold on these costs.

Now, the Congress may decide that this is money well spent. That is a lot of money to be spent without anyone reviewing where it is going and what the ground rules are. That is all I am trying to say. And I apologize, I really do apologize if I came across as wanting to wipe the program off the books. I didn't mean to say that.

Chairman SASSER. Do you want to comment further?

Mr. WEILL. If I may just take 10 more seconds. The legislative process that is beginning this year is going to look at those programs again. Senator Bentsen has a bill in, and so many of these issues will be addressed.

The spending increase is due primarily to drug babies entering the system and children entering the system because of housing crises in their poor families, not because of increased costs per case or because of relatives choosing to take kids for economic reasons.

Chairman SASSER. Thank you, Mr. Weill.

Senator Dodd.

Senator DODD [presiding]. Thank you very much, Mr. Chairman. I will be brief here as well.

First of all, let me thank the chairman, who has been a stalwart supporter of these initiatives. Last year in particular was probably the best year for the American child and family in probably a quarter of a century in terms of what actions the Congress took. And certainly the chairman of the Budget Committee at some very crucial moments played a pivotal role in determining whether or not we would get the kind of funding and assistance we needed. So, Jim, I didn't want you to leave without expressing my gratitude to you. I know you were under a lot of pressure, and a lot of people had some very good causes and very worthwhile and meritorious issues to bring before you. But you consistently stayed with that

agenda and made it possible for us to get at least some initiatives under way that we have not been able to start or get moving for some time. So we thank you very, very much for that too.

I would just like to pick up on your last comment. I agree with you. I think we have to do something about it. There is a great pool of resources there to deal with some of these other issues, and they are not getting the money from the Federal Government. They can't expand taxes. They have got deficits and so forth. So it becomes a wonderful resource base. The problem is we have to think about the whole program and where it is going to go. It obviously has to be dealt with.

I can tell you Senator Harkin is already talking about it. In the hearing we had the other day, he raised the issue, and we were talking about family preservation issues and foster care. He raised the question. And you are absolutely correct. Senator Bentsen is looking at something in that same regard. So it is a matter that is going to have to be dealt with.

As all of you are pretty much familiar with many of these issues and what is happening, I would like you just to comment on a few points I would like to make. There are three tests that I consider when looking at these issues. One is the quality of the program. I am far more interested in quality than I am quantity. And while I am disappointed we don't reach as many people as I would like to reach, I am far more interested in whether a program is working well.

That was certainly the case with Head Start, in my view. The quality of the program is one of the reasons it enjoys such strong bipartisan support—not a single U.S. Senator showed up on the floor last year when that bill was brought up for debate, and it had some new ideas, a lot of new provisions that I would have assumed would have provoked some controversy. Yet not a single Member of the U.S. Senate showed up to express any kind of objection—in fact, they expressed nothing but support—and it didn't even require a recorded vote.

I think the overwhelming support for Head Start is due in part because of how the program was started, and how well it ran from the very beginning. Obviously, it didn't reach everyone we wanted it to, only about 20 percent of the eligible population. That has gone on for too long. I am not advocating we do that for very long. But the fact that it didn't try at the outset to serve everyone and, it wasn't able to become a massive program off the bat, I think contributed in no small measure to the success of the program. So quality of the program is extremely important to me.

The second is the early intervention. The earlier you can become involved, the greater the likelihood of success. Obviously getting involved in education efforts make the most sense, but it is also important to get involved in prenatal care and the earliest time after childbirth and with families who are involved with a number of other problems. So I am convinced that any program that we can design that can intervene as early as possible in the process, will help to ensure a greater degree of success.

The last one is the point I think some of you have already been addressing here, and it is this notion that we have to convince people that children and families are recipients of a series of dis-

connected programs. Families should know that if they are a WIC recipient, they will be taken care of as a WIC family. The same family may also participate in Head Start. And then maybe, you know, pick another one if you want, child nutrition or maybe child immunization. The point is there is a tendency to see these as compartmentalized, disconnected various programs without recognizing that the same family that we are being relatively generous to on WIC or Head Start, we are also beating their brains out when it comes to low-income energy assistance programs or community service block grants and so forth.

So there is a certain cruelty in the system. If it ends up with a net loss for families, then we are not doing the job. So the notion of the seamless garment of services should be considered. We need to recognize that in most cases we are dealing with the very same family, regardless of the program.

Lastly, I would mention to you—I didn't wait for the chairman to leave to bring this up because I didn't want to cause him to go ashen, but I think we are getting near the point where we need to establish a children's trust fund. We are working right now on crafting a piece of legislation that will do just that. I realize this is not something that is going to happen in this Congress. I have no doubts about that, or maybe even the next. We are going to try. We are going to start moving it forward.

But I would like you, all three of you, to comment on that general concept so that we can start dealing with some of these issues. I realize people have some very important generic philosophical objections to the idea of trust funds. But I do believe we have reached a point where people can understand the importance and understand what is happening out here statistically.

I don't know how many of these charts we have got kicking around. You can see what we have to face. The chart shows the rate of growth in children's budget relative to other programs, and what has happened in each area, and you see the increases in agriculture, defense—interest, obviously, you don't control, 224 percent—social security, medicare, total budget, 15 percent is what we have seen in children's program over that period of the decade of 1980 to 1990. And yet if you listened to the rhetoric and speeches of the last decade about people's commitment to these issues, and I asked you to identify which one is agriculture, which one was children and so forth, you might have chosen interest on debt and you might have gotten total budget. But I suspect most people would not have guessed that the weakest performance has been in the area of children. Given everybody's speeches, the year of the child, the decade of the child, the feeling, sensitive, caring, touchy, you would have expected more growth. But yet when you translate the rhetoric into action you find out it does about the poorest. We need to convince people of this fact, to show that we have been gouging the budget for children's issues.

As someone who has nothing but the highest admiration for how our forces and the President have handled the crisis in the Persian Gulf or the difficulty of coping with an S&L crisis, you know, I get people that ask the question—If you considered that serious enough, Desert Storm, and if you consider the S&L crisis, serious

enough to find the money to deal with the problem, why can't you deal with the domestic problems?

Where is that report card? Do you have that one with you?

Well, again, I am preaching to the choir. We have to think about cost effectiveness—and most people are aware of the WIC example—for every \$1 invested we save around \$4. I guess it is \$3. For \$1 not invested in the child immunization program, you get \$10 in later medical costs.

We rank 47th in the world in child immunizations. Botswana and Sri Lanka are ahead of us in this particular area. That is incredible to me. And, of course, with regard to infant mortality we now are 19th or 20th in the world. My home town of New Haven, CT, is the worst in this country. It ranks 112th in infant mortality.

Head Start saves \$7. I know of no one that debates those numbers. We can make the case categorically that if a child does not receive a proper immunization and becomes ill, that is the cost. The same applies to prenatal care, WIC, the same. So the dollars saved are remarkable, and you don't have to wait forever to see the results.

I listen to people talk about capital gains and the windfall expected down the road. I understand that may be the case. However, dollars spent on early intervention are dollars saved almost immediately. So it is a tremendous savings.

Anyway, I wonder if you might comment on the notion of a children's trust fund? Then lastly—I will ask you both one other question, and then I will be quiet. That is, we tried last year the idea of one-stop shopping for services.

The idea of trying to have some way of providing these services in a coordinated fashion makes some sense, and we established some of that last year. But I wonder if you might give us just a quick comment on what else you think might be done to facilitate this effort. So those are the two points, on the trust fund concept as well as the coordinated services approach. And I apologize for wandering on here and for being late, but I had the pleasure of presenting the youth participation award at the Child Welfare League to a young gal from Connecticut, from New Britain, who at 16 years old with a newborn son not only finished high school and did a lot of other things, is going to college next year, and has now addressed over 1,200 students in the last year in Connecticut as part of a peer education program. A remarkable child, so I was presenting her the award this morning. So I apologize for being late for some of the earlier testimony. And if I have repeated some things that have already been raised here, then I apologize to you.

Mr. WEILL. Senator, I will take the first crack at your question. We support anything that will build on the good programs that we have now, keep protections for children, and not take from existing programs. And so the children's trust fund, if it is a successful way of doing that and getting substantially more money invested in programs that we know are working well for children, we support, too. Whatever mechanism can best deal with the budget problem and get adequate funds into these programs is one that we support.

On the one-stop shopping side, obviously more one-stop shopping, more coordination of services works better for families, and there is a long way to go to reach that goal. I would just say two things

about this. One, last year, Congress authorized the Family Resource and Support Grant, a new program, to establish a small number of family resource networks of local family resource and support programs. And the President has proposed putting no money into that. Those centers are an important place that families can go to, to tie them into services and also give them support at times of stress, and to keep kids out of the foster care system that we have been talking about earlier. We need to get money into programs like that that coordinate services and put families in touch with services.

But the other problem with the one-stop shopping is there is a limit to the value of one-stop shopping if the programs aren't funded adequately to give you the services that you are informed of when you go to the one stop. If there is only enough money to put two out of five kids in Head Start, if there is only enough money for half of the kids in WIC, and so on down the line, then it doesn't work to go to a supermarket where the shelves are half bare.

Senator DODD. I agree. That is a good point.

Mr. BESHAROV. On the children's trust fund, I just don't know. I think that my experience with unified budgets is that when the powers-that-be sit down to decide how much is going to go where, they look at the trust fund moneys and they look at the nontrust fund moneys. And the bottom line is about the same. I think that is a factual question. It is not an ideological one. I don't know the answer to it.

If a trust fund ends up being a valuable public relations technique to describe what is happening with children as a children's budget might, then that maybe is worth pursuing. But the danger is that it ends up like a highway trust fund or an airport trust fund which, as far as I can tell, get manipulated like any other regular appropriation.

The other issue that you mentioned is something that interests me greatly, which is this question of either decategorized services or integrated services. I sit on the Fatality Review Panel for New York City's Human Resources Administration, and we met there yesterday with Barbara Sabol and Bob Little. We were reviewing what she needed to do to improve services in New York City. Not only does she have to understand ten categorical child welfare programs just to deliver the basic child protective child welfare program, but she has got to interact with WIC, medicaid, and all sorts of other programs.

When I still worked at the local level and was an honest man, we used to describe coordination as the process of taking categorical Federal moneys and using them for what we needed to do, which wasn't in those little boxes. The tradeoff—and I think this is a very real one, and I don't know the answer—is between those who believe that categorical programs in their sum total generate more funding for programs because you have all these special interest groups. There is someone for the crack babies; there is someone over here for WIC; there is someone over here for whatever.

With a lot of little programs, or a lot of bigger programs, you get more support than if you have just one large program. And if you think about the alternative as being like a block grant, I think the

experience with title XX is that there isn't a lot of support for making title XX bigger.

So if I were looking at this from the point of view of what is best for children, it seems to me it is a tradeoff between the lower political support for integrated service models versus the inefficiencies of categorical programs. And weighed against that is the potential greater efficiency and effectiveness of a more integrated program.

I am not sure about the answer, but I do have a recommendation, which is that we try to find out that we do what we did in the early 1980's about welfare reform. We should authorize 5 or 10 States to get waivers from the various different program walls between these categorical programs, and we let the Barbara Sabol's of the world take this money and do what she wants to do with it, which is take it all down to the neighborhood level and provide integrated services for her caseload. All this money goes down to her caseload. It comes in all these little pieces, but then it goes to her caseload.

So why not have waiver legislation the way we had in the early 1980's? Allow 5 States or 10 States to experiment with this. I think then, 5 years from now, we would have a much more informed discussion about this problem.

Senator DODD. Mr. Greenstein.

Mr. GREENSTEIN. Senator, earlier in my testimony I was talking about—and you are probably familiar with this—the data comparing poverty rates in the United States and other industrialized countries for children. These data which are from the Luxembourg income study, show that the United States has a higher poverty rate than any of the other countries in the study.

When you look particularly at a country like Canada, that has about half the child poverty rate we do, you come to the conclusion that the issue really is not one of more will than wallet. It is really more the reverse, because Canada does not have more wallet and national resources than we do. We are a Nation that has been unwilling to provide the necessary revenues and to make the necessary choices among spending programs to provide the funds to do what we ought to be doing to assist disadvantaged children.

If the children's trust proved to be a way to address that problem, then I think that would be very useful. What we are now talking about for fiscal 1992 are really small changes around the margin, given the various budget rules.

I was commenting earlier that under the current budget rules, you can raise taxes or cut an entitlement and use the money to cut taxes or raise another entitlement, but you cannot use the money for a discretionary program. To me, this does not make sense.

I think you are right that we are going to need a multiyear debate both on how large the unmet need is, how important it is to our future economically, as well as socially, and that we need to go beyond the question of what is this year's increment on Head Start or WIC and really make larger progress.

So, I would certainly welcome a debate on the children's trust, both as a way to help get a larger debate going, and as a way to explore whether the trust might be a part of the answer. I have not looked at the details of the most recent plan, but I certainly think that it merits consideration.

On the one-stop shopping issue, it is interesting. I was the rapporteur at a conference in September on integrating services for people in housing projects, and I had a kind of "on the one hand/ on the other hand" reaction. On the one hand, I heard, for example, about an apparently very well designed project—the Lafayette Courts housing project in Baltimore—where they integrate services. It was very impressive. We need to do more of that.

But there are two caveats. First, I asked the people from Baltimore, when you integrated the services for people in this housing project, did that mean that other low-income families elsewhere in the city lost services as a result? The answer was yes. The conclusion had been made that if you had a fixed amount of resources, it was better to concentrate the resources intensively on a smaller number of families than to spread out the resources. I think that is probably the right choice, but it is not the long-run answer, as Jim Weill noted.

The second caveat I have is simply that, when I go to meetings on integrating services, I get concerned that some people in the meetings tend to overstate what they can do. It is one element. Take the housing example again. If we continue to have nearly two-thirds of the poor households in the country paying over half their income in rent and we have the small number of people that we are integrating services for, we have not done that much.

So, we need to always be careful to say that integrating services is one modest piece. There are a lot of other pieces of the puzzle, possibly the children's trust being one of them, that needs to be done in the long run.

Senator DODD. You have all been very helpful, and again I apologize for not being here to hear all of your testimony. There will be some more hearings on these subjects, so we would like your additional participation. Thank you very much.

At this point, we have a prepared statement from Senator Grassley on this matter, and also a statement from Senator Leahy, and both of their statements will be made a part of the record.

[The prepared statements of Senator Grassley and Senator Leahy follow:]

PREPARED STATEMENT OF SENATOR CHARLES E. GRASSLEY

Thank you, Mr. Chairman. There is really very little that I could add to the remarks of the distinguished Ranking Member.

There are few, if any things, which tug at our heart strings as profoundly as the children of our country. As parents and grandparents, most of us are personally involved with precious little ones. Our ties to children, through our families, churches, and communities, should remind us that the best things for kids come from people, not from government programs.

I am all too well aware that many children do not have the advantages of supportive and loving parents. While government programs should reach out to those youngsters, we should never substitute federal money and bureaucracy for personal intervention of family and community. Congress should seek ways to encourage private and charitable involvement from churches, civic organizations, local governments, and individuals.

The federal government should exercise great caution in getting involved in family policy. When government intervention becomes necessary, we should look towards federal programs which can boast outstanding success. These are the programs which, rather than those which seem to encourage dependency on public assistance, should provide the backbone of federal programming for children and families.

While there may be others, the programs which come to my mind most frequently are the Supplemental Food Program for Women, Infants, and Children; Chapter One; and Head Start. Evidently most members of Congress, as well as the Administration, agree about the efficacy of these programs, as they have enjoyed significant increases in funding in the past several years.

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

I am pleased to join Senator Sasser in introducing "The Childhood Hunger Prevention Act of 1991". This bill focuses much-needed help on a resource too often overlooked by this nation -- children. Hunger jeopardizes the future of our entire nation.

Every teacher knows that a hungry child does not learn. If our nation's children are not learning, our nation's future is seriously at risk.

I would like to note Senator Sasser's commitment to this issue. At our hearing on hunger at this time last year, the Committee on Agriculture, Nutrition and Forestry was honored to have Jim Sasser as a lead-off witness.

He vividly described the need for significant nutrition legislation. As the Chairman of the Senate Budget Committee, his support is crucial to the success of this effort.

The Childhood Hunger Prevention Act sets forth a blueprint for a child nutrition initiative I strongly endorse.

This bill expands and improves child nutrition programs on several fronts, including a homeless children's feeding program, the Child Care Food Program, after-school child care, and WIC (the Supplemental Feeding Program for Women, Infants and Children).

The Childhood Hunger Prevention Act also makes important improvements in the food stamp program. Eighty percent of food stamp recipients are families with children.

Let's look at the hard facts -- nearly half of those living in poverty spend 70% of their family income on housing. Many of these families must often choose between feeding their children and keeping the roof over their heads.

In the richest country in the world, this is a disgrace.

This bill adjusts shelter cost estimates to more accurately reflect actual costs and provide necessary food stamp benefits. Since 80% of food stamp recipients are families with children, this is an important step to reduce hunger.

This bill also raises the vehicle asset limit, which food stamp recipients deduct from their income when calculating benefit levels. The current limit of \$4,500 was set over a decade ago and has never been adjusted for inflation. This bill recognizes that vehicle prices have risen over 120% by increasing the vehicle asset limit to \$5,500 and indexing that amount to inflation.

It is time for this country to cultivate its most precious resource -- children. The Childhood Hunger Prevention Act will do this by turning children's attention from their stomachs to their future. Their future is the future of the Nation.

Senator Dodd. Thank you all very much. The committee is adjourned.

[Whereupon, at 12:35 p.m., the committee was adjourned.]

○